

annual
report
2014



solvi
Solutions for life



annual
report
2014



2013 fiscal year



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2014

2013 fiscal year

CONTENT

- 06 ABOUT THE REPORT
- 08 OUR MESSAGE

1

10 ABOUT THE SOLVÍ GROUP

- 12 Our profile: several companies, one commitment
- 14 Our belief: more than an identity, the engine that drives our actions
 - Being Solví
- 15 Our services: portfolio of environmental engineering solutions for life
- 16 Our history: evolution focused on sustainable growth
- 18 Where we are: diversity and interculturality in action

2

20 HOW WE OPERATE

- 22 Corporate Governance: coordinated decentralization, synergy and alignment
 - Risk Management
 - Ethics Management
 - Communications Management
- 24 Leadership: the leader as an orchestra conductor
- 25 Corporate Responsibility: the company's role in a network of people, community and environment
- 27 Responsible innovation: the path to the future
- 28 Challenges, commitments and achievements

3

32 OUR PARTNERS

- 34 Employees: our great differentiation
- 35 Suppliers: partners in our sustainable performance
- 36 Customers: drivers for increasingly sustainable businesses
- 37 Community: the extension of our values
- 38 Relations with the market and organized society: a double-way path

4

40 OUR BUSINESSES

- 44 Solví Public Waste
- 48 Solví Private Waste
- 56 Solví Sanitation
- 60 Solví Energy Valorization
- 64 Solví Engineering

5

68 OUR PERFORMANCE

- 70 Context of operation
- 72 Solví Panorama
- 74 Economic Performance
- 76 Contributions to sustainable development
 - Solví Sustainability Platform
- 95 2014 Panorama
- 95 The Solví Scenario

- 98 GRI Index and Global Compact Index, ISO 26000

ABOUT THE REPORT

Annual Report 2014

The Solví Group considers the Annual Report production process an important opportunity to evaluate its practices and thus reinforce a culture of sustainability across the organization.

This is due to the great internal mobilization, and with target audiences, to collect and analyze data to be published. This year, it was not different. The production of this report involved leaderships, employees and members of the Local Social Responsibility Committees, who worked together to define the relevant information to be published.

Then, several structural changes were implemented when comparing to previous years; alterations that are exactly the result of this broad internal debate that happens before the report production.

The implementation of ISO 26.000, the first international standard focused on corporate responsibility, was an important instrument in this process, leading to reflection and self-evaluations; as well as the commitments assumed with the Global Compact and the work developed by the recently created Sustainability Workgroup, which directly acted to define the company's materiality matrix.

All this process culminated in the creation of the Solví Sustainability Platform, a document that graphically represents the efforts the organization will dedicate in the next years to keep its businesses and relationships fully aligned with the sustainable development needs.

Due to the power and importance of this document, Solví Participações decided to structure its annual report based on the indicators and themes pointed out in its Sustainability Platform.

Thus, the organization expects to create a parameter that allows it to follow the company's progress regarding the key themes of its strategy.

The changes proposed are also in line with the result of the survey conducted in 2013 with target audiences to evaluate the previous annual report published by Solví.

This materiality practice was important to define the report content and the improvement diagnostic framework, once it provided a chance to hear the external audiences, such as customers, suppliers and representatives of the banking sector.

The G3.1 guidelines of Global Reporting Initiative (GRI) – incorporated in last year's report – remain in this issue, guiding the report and offering parameters for the report production, based on relevant themes such as materiality, stakeholder inclusion, sustainability context, comprehensiveness, balance and clarity, comparability, accuracy, periodicity and reliability.

Thus, the publication is structured in three main portions:

CORPORATE PROFILE – Presents the Solví Group and its history, as well as its values, principles and styles of making businesses. It has three chapters: About the Solví Group, How we Operate and Our Partners.

OUR BUSINESSES – Brings the main achievements of the companies that belong to the Solví Group and presents its challenges for the future.

CONTRIBUTIONS TO THE SUSTAINABLE DEVELOPMENT

This theme is addressed under Our Performance, starting with a brief description of the facts that happened in 2013 facts and the organization's financial results. It also brings the main innovations, starting with the Solví Sustainability Platform and actions directly related to the implementation of this tool.

It also shows the company's short- and medium-term expectations and strategies, taking into account forecasts for the 2014 macroeconomic scenario and projects in progress.

The report shows data from January 1 to December 31, 2013. The analysis of information about management; economic, social and environmental performance; and challenges for 2014 was based on interviews with than executives of the company. The only data submitted to auditing are the financial data.

However, despite the changes implemented, a comparison to last year's information is possible, once the indicators are the same - but grouped in a different manner.

Most importantly, we know that, once again, the Solví Group Annual Report was mainly based on the same systemic vision that is behind the way the company runs its businesses, not addressing the performance of the Group's companies separately in the operational, social and environmental aspects, but based on goals, what the company intends to achieve.

Have a good reading.

OUR MESSAGE

2013 was an important year to the Solví Group. We materialized our entrepreneurial talent and expanded our already high ability to deliver, through consolidation and maturation of pioneering projects, helping keep Solví's leading position in the markets it operates.

In the segment of waste, Organosolví started to produce organic fertilizer, transforming organic waste into this important farming product, with attractive productivity rates for the sector.

In the area of energy valorization, we consolidated our business of energy generation from a single fuel: biogas, based on the degeneration of organic matter found in landfills.

The idea is to replicate this model – adopted by Termoverde, in Salvador – in new thermal plants to be installed in other landfills of the Solví Group. The international operation has also been in the Group's development plans,

considering its experience of over 18 years in South American countries.

We understand that a determinant for the organization's achievements, in 2013 and in previous years, is the fact that Solví has always invested and implemented strategies and initiatives to promote innovation and strengthen its corporate governance, ensuring sustainable results and allowing to help disseminate the principles of the United Nations Global Compact, a commitment assumed and pursued by all companies of the Group.

The introduction of supporting managerial tools, such as the Solví Entrepreneurship Model (MES), risk management decentralization and additional promotion of the ethics management are inserted in this context.

The Solví Integrity Program conducts employee training and engagement actions to help them operate in an ethical manner and incorporate risk management in their daily routine.

That's because we believe the actual adhesion of people is what will enable the effective incorporation of values and principles.

In this sense, we understand the relationship with our stakeholders as one of the pillars

that allows us to have better and increasing results that help the development of both the society and the company.

Following the same idea of relationship consolidation and strengthening, we established partnerships with several institutions to support the development of innovative and economically viable technologies, and we collaborated to and conducted innumerable environmental awareness campaigns and programs.

Our participation in the Orient Expedition project of the Schurmann Family is one of these partnerships that instigate us.

Started in last year, this initiative aims to support the family's third trip around the world, supporting the construction of a boat that incorporates sustainable technologies, among other aspects.

Lastly, we were awarded last year by representatives of the Brazilian society in the areas of governance, social responsibility and people management, which are for us a reason to feel satisfied and a source of inspiration.

Such recognition reflects the commitment of both leadership and employees to the organization, as well as the Group's solid financial profile, characterized by

consistent growth, based on a solid foundation and quality services, always towards a harmonious coexistence with the environment.

THAT'S SOLVÍ DELIVERING SOLUTIONS FOR LIFE.

CARLOS LEAL VILLA
Chairman, the Solví Group





ABOUT THE **SOLVÍ GROUP**

Our profile

Our beliefs

Our services

Our history

Where we stand



"Solví is like a family."

Mariana Matsubara, coordinator at Solví Energy Valorization since 2010.

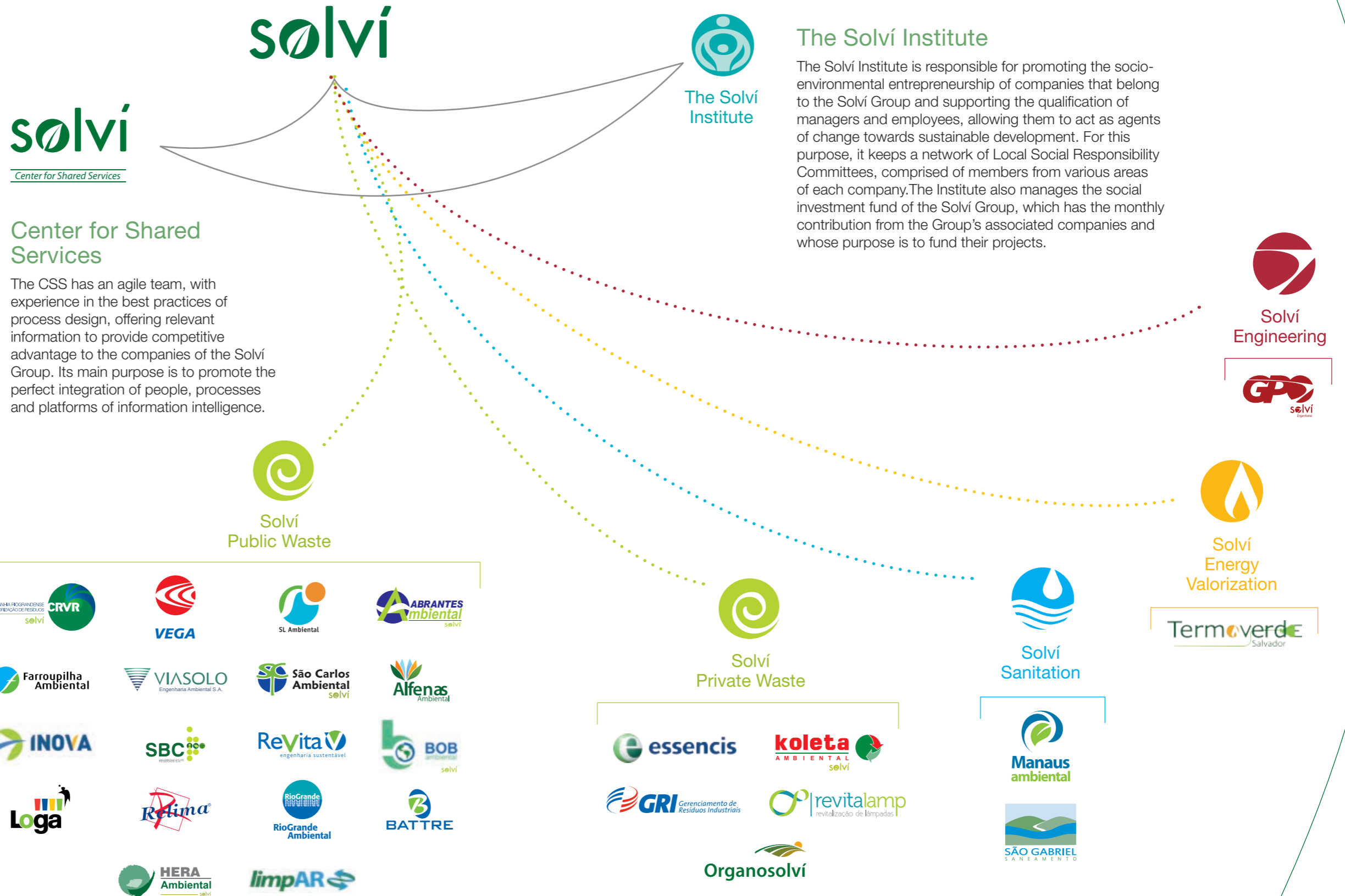


ABOUT THE SOLVÍ GROUP

Managerial Structure

>> Our profile: several companies, one commitment

The Solví Group is comprised of companies that are in evidence for their operation in five segments: Public Waste, Private Waste, Sanitation, Energy Valorization and Engineering. Through these operations, the Group is present in 250 Brazilian cities located in different states, and in Argentina, Bolivia and Peru. To keep these operations, it has the support of more than 25,000 employees. Regardless of the size of operation, location or business area, all companies from the Solví Group have assumed the same commitment: offer Solutions for life, by providing differentiated services, highly efficient and innovative, that allow a harmonious coexistence between the environment and the society.



>> Our beliefs: more than an identity, the engine that drives our actions

BEING SOLVÍ

Being a company of the Solví Group means having employees that act as business leaders, who work for the good in a sustainable manner, delivering Solutions for Life to the society, generating results for the organization and value to all its stakeholders.

MISSION

Offer solutions for waste treatment, sanitation, energy valorization and engineering, operating and managing concessions and contracts with public and private clients. Promote the development of our employees and communities, creating value to shareholders, customer, suppliers and the government, through sustainable growth and respect for the environment.

VISION

Be the best group of engineering management companies that provide Solutions for Life and a reference in the provision of differentiated, integrated and innovative services.

VALUES

Excellence, Innovation, Dynamism, Team, Social Responsibility, Partnership.

MANAGEMENT PRINCIPLES

Harmonize the expectations of customers and users with the search for business results and development of our employees, through decentralized operations that are planned and controlled at corporate level.



>> Our services: a portfolio of environmental engineering solutions for life

Solví Resíduos (Public Waste)

- Sanitary Landfills
- Household Waste Collection
- Hospital Waste Collection
- Selective Waste Collection
- Special Cleaning
- Maintenance of Green Areas
- Transfer Facilities
- Health Waste Treatment
- Cleaning of Public Ways
- Waste Valorization and Treatment Plant

Solví Resíduos (Private Waste)

- Landfills Classes I and II
- Industrial/Commercial Collection
- Composting
- Co-processing
- Management
- Incineration
- Reverse Production
- Production of Organomineral Fertilizers
- Metal Recovery
- Remediation of Contaminated Areas
- Increase in Bulb Lifecycle
- Screening and Recycling

Solví Saneamento (Sanitation)

Water

- Raw Water Intake
- Treatment
- Storage
- Ducting
- Lifting Units
- Distribution
- Drinking Water Quality Monitoring

Sewage

- Collection System
- Treatment
- Lifting Units
- Disposal
- Waste Quality Monitoring

Commercial Management

- Hydrometer Reading
- Bill Print and Delivery
- Billing Actions
- Fraud Control
- Maintenance of Hydrometer Park
- Maintenance of Contact Information
- Customer Service

Solví Valorização Energética (Energy Valorization)

Carbon Credit

- Biogas
- Carbon Credit

Thermoelectric Power Plants

- Biogas-Powered
- Thermoelectric Power Plants

Solví Engenharia (Engineering)

- Civil Construction
- Infrastructure



>> Our history: evolution focused on sustainable growth

The Solví Group has operated under this name for less than ten years. But some of the companies that originated the Group – such as Vega – bring experience of over 40 years in the market of engineering and environmental solutions. Tradition directly reflected in the business history of the Group.

1990s

The Solví Group was created in 1997, when Vega Engenharia and Relima, traditional companies that offered public cleaning services, became part of Suez, a French-Belgian multinational operating in the energy segment. That was in 1997, and, in the following years, new companies were acquired, expanding the operations of the Group to other business areas. In this period, the company started in industrial waste management and treatment with the creation of GRI – Gerenciamento de Resíduos Industriais (1998) and Essencis Soluções Ambientais (1999).

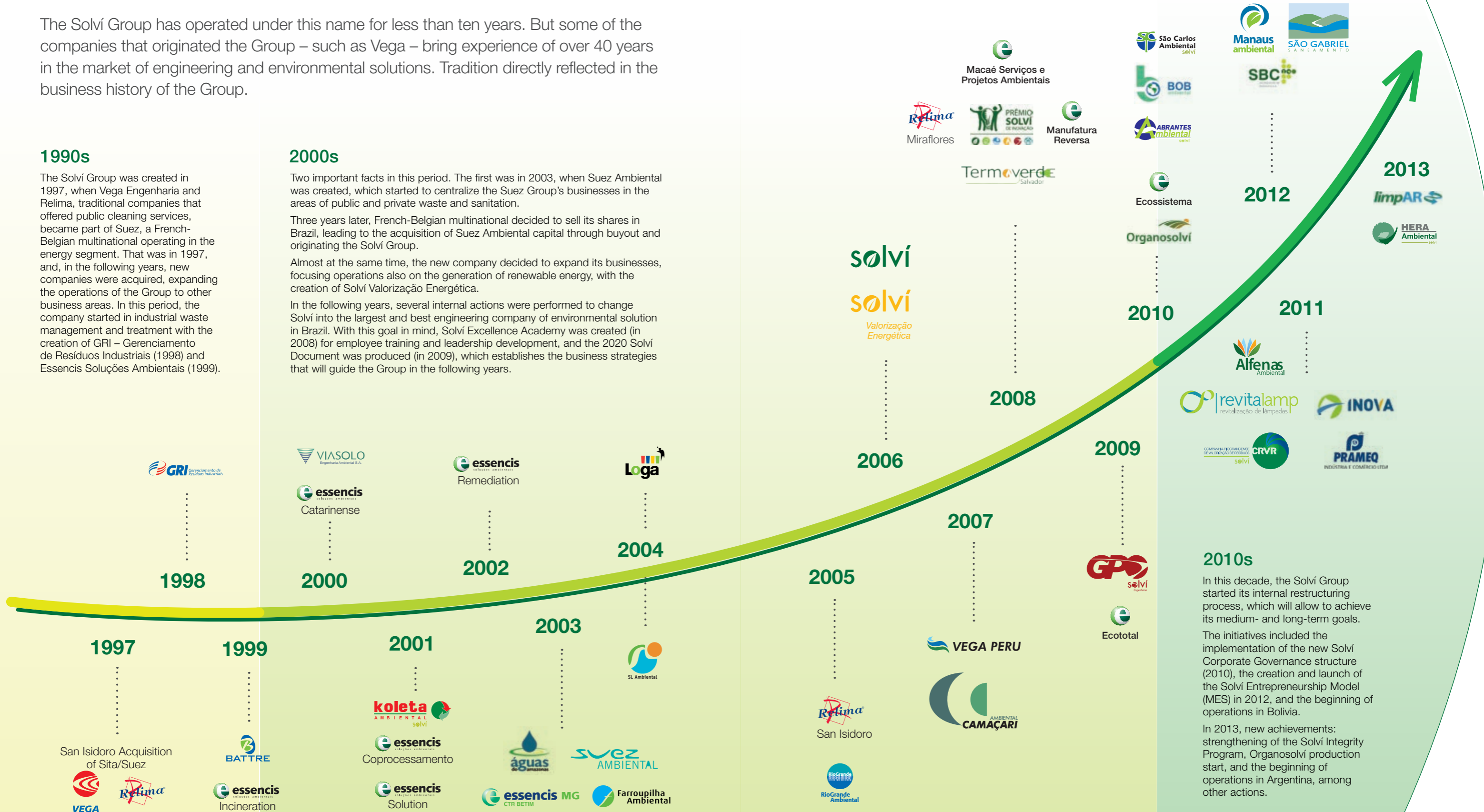
2000s

Two important facts in this period. The first was in 2003, when Suez Ambiental was created, which started to centralize the Suez Group's businesses in the areas of public and private waste and sanitation.

Three years later, French-Belgian multinational decided to sell its shares in Brazil, leading to the acquisition of Suez Ambiental capital through buyout and originating the Solví Group.

Almost at the same time, the new company decided to expand its businesses, focusing operations also on the generation of renewable energy, with the creation of Solví Valorização Energética.

In the following years, several internal actions were performed to change Solví into the largest and best engineering company of environmental solution in Brazil. With this goal in mind, Solví Excellence Academy was created (in 2008) for employee training and leadership development, and the 2020 Solví Document was produced (in 2009), which establishes the business strategies that will guide the Group in the following years.



2010s

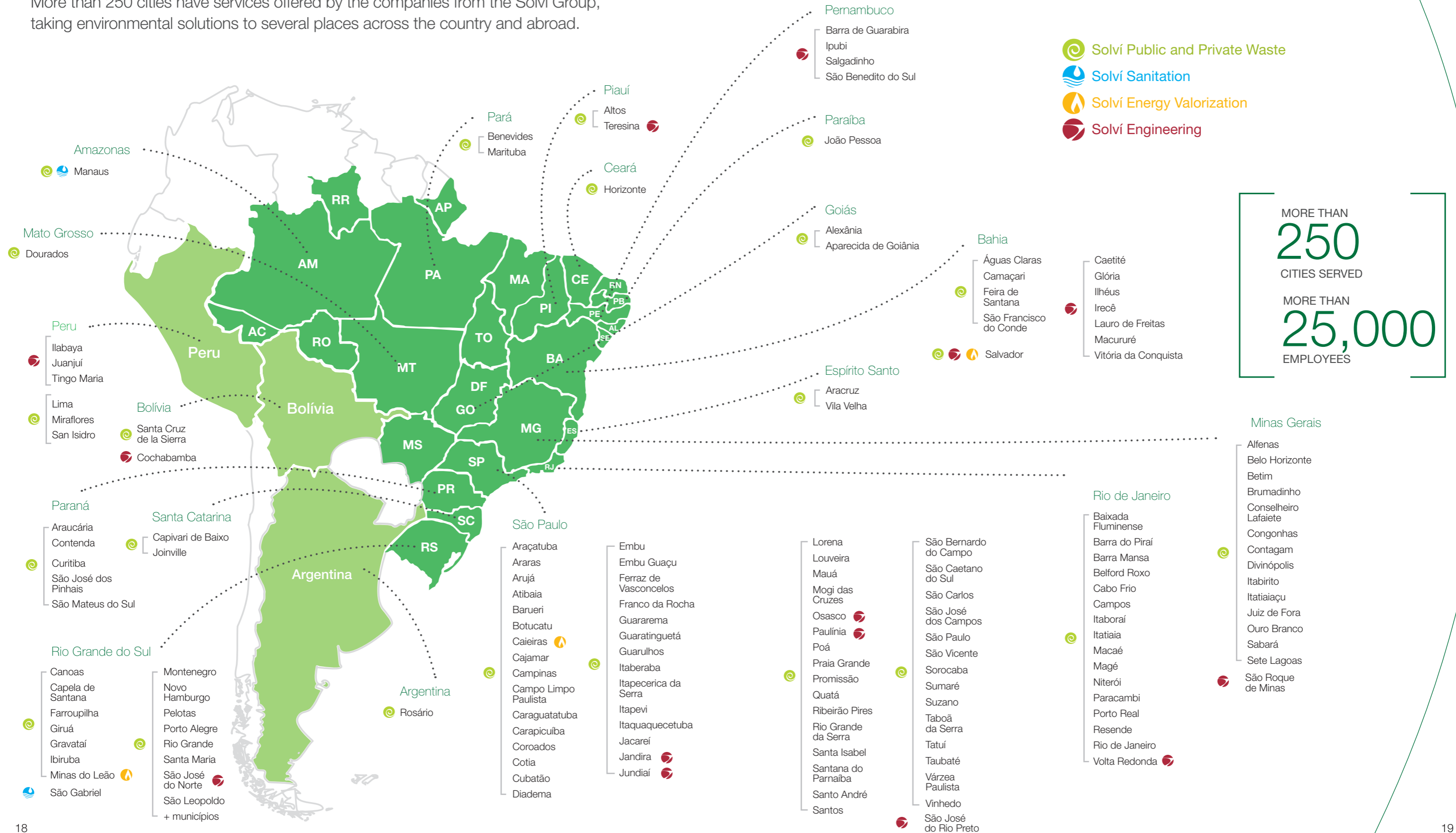
In this decade, the Solví Group started its internal restructuring process, which will allow to achieve its medium- and long-term goals.

The initiatives included the implementation of the new Solví Corporate Governance structure (2010), the creation and launch of the Solví Entrepreneurship Model (MES) in 2012, and the beginning of operations in Bolivia.

In 2013, new achievements: strengthening of the Solví Integrity Program, Organosolví production start, and the beginning of operations in Argentina, among other actions.

>> Where we stand: diversity and interculturality in action

More than 250 cities have services offered by the companies from the Solví Group, taking environmental solutions to several places across the country and abroad.



MORE THAN
250
CITIES SERVED

MORE THAN
25,000
EMPLOYEES



HOW WE **OPERATE**

Corporate Governance

Leadership

Corporate Social Responsibility

Responsible Innovation

**Challenges, commitments
and achievements**



**“ I’m glad I work at a company from
the Solví Group”**

Ricardo Araújo Júnior, driver of Koleta
Ambiental since 2008.

HOW WE OPERATE

>> Corporate Governance: assuring coordinated decentralization, synergy and alignment

The Corporate Governance structure implemented by Solví Participações in 2007 is surely one of the main pillars of the organization, providing the necessary support to help companies put into practice their business strategies and actions that will ensure their longevity.

The Administration Council of Solví is the main deliberative group of the organization, which has five members, four of them are independent members. It has the support of two advisory committees - the Investment and New Business Committee and the Risk and Audit Committee - that provide important analyses and strategic input to the decision-making process.

Complementing the Group's governance structure, initiatives have been conducted in the areas of risk management, ethics and communications (relation with stakeholders) to systematically improve the incorporation of governance principles across the organization, such as transparency, equality, accountability, compliance and corporate responsibility.

The organization also has exclusive channels to report actions or behaviors that do not observe the Code of Conduct, ensuring information confidentiality and security.

Denunciations can be notified to Solví via email comissao.conduta@solvi.com or letter Caixa Postal nº 31.256 – São Paulo – SP (free service).

RISK MANAGEMENT

In 2013, the Solví Group's companies developed and implemented action plans, according to a risk mapping conducted in 2012. Once again, the particularities of the different companies of the Group were respected, giving them autonomy to define their strategies and preventive actions. Vega Engenharia – a company of the Group that operates in the public waste segment –, for instance, created an internal Risk Committee, to follow up all actions implemented.

ETHICS MANAGEMENT

Ethics has always guided every action developed by the Solví Group's companies, including actions involving leadership and those restricted to employees. To ensure that, the organization keeps a Conduct Committee that provides guidance, answers questions and receives denunciations, investigating and properly forwarding the cases.

In 2013, the Solví Code of Conduct was revised to incorporate requirements from the new Corporate Anti-Corruption Act (nº 12.846), enacted in August 2013, and in force in 2014. The Group's leaders received instructions about this Act and had the opportunity to make questions to a guest specialist, in a debate about the subject. In 2014, this subject will also be addressed by the Solví Integrity Program, a comprehensive proposal that promotes a strong synergy between the actions developed by the Conduct Committee and the departments of Communications and Human Resources.

A RELIABLE AND NEUTRAL CHANNEL

The Conduct Committee is the body in charge of clarifying the principles of the Solví Code of Conduct and promoting and strengthening an ethical culture, monitoring the progress of processes and eventual exceptional situations to achieve the best possible resolution.

See how the Conduct Committee works:

- It is comprised of representatives from the companies controlled by the Solví Group;
- It supports the organization's Administration Council in issues that involve ethics and behaviors, including employee violations;
- It works with confidentiality, ensuring secrecy to those who identify and report attitudes that do not observe the Code of Conduct;
- Ensures answers to denunciations received;
- Forwards recommendations to analyzed cases for proper decision of the companies involved in denunciations;
- Acts preventively, answering questions of the management about ethical issues resulting from behaviors of employees or third parties;
- Regularly informs the Administration Council about the status of cases analyzed by the Committee;
- Promotes continuous training to the leadership.



For the Solví Group, business ethics is more than a differentiation that can have a positive effect on our actions. It's a commitment, a guide that drives our way to make business. When defending and disseminating an ethical behavior among our employees, we expect not only to gain credibility in the market, but influence the market. And, for this purpose, we invest in initiatives that allow all our employees to practice the principles we defend and, especially, go beyond the company's limits, involving all our business chain."

Mauro Renan, superintendent at Organosolvi and member of the Conduct Committee of the organization

COMMUNICATION MANAGEMENT

The Solví Group adopts a decentralized communication management model, ensuring a fast flow of information across the organization and contributing to strong relations with the stakeholders, by sharing good practices.

With this model, it expects to support the corporate governance and achieve business goals.

In this context, in 2013, the focus was the development of an internal communication network, with the creation of the Communication Workgroup (GTCOM), comprised of members from the Group's companies, acting as focal points of communication.

In 2013, these employees were trained to map and prioritize target audiences, developing local plans of communication that were later validated by the leadership from participating companies.

Also in 2013, a new internal channel was launched, Comunica Solví, which allows the leadership and focal points of communication from the Group's companies to post information about business, sustainability, innovation, people, quality, safety, results, ethics, among other themes.

The contents are produced by themselves and approved by Solví's department of Communications.

>> Leadership: : the leader as an orchestra conductor

The leaders of the companies, internally called Entrepreneurial Leaders, are especially responsible for the way their teams operate.

This concept is the main foundation of the Solví Entrepreneurship Model (MES), which is based on a work philosophy that adopts meritocracy and enterprisingness.

In 2013, an important managerial tool that supports the MES was developed and implemented, allowing every Business Unit leader to clearly know his real contribution to the organization's results.

This tool, which is a data analysis platform, generates managerial reports to all leaders, strengthening the culture of meritocracy already present in the Group.

The decentralized managerial reports also allow to increment the Value Creation Program (PCV), with goals that match every reality, thus consistently promoting improved quality and productivity of services provided.

Actually, quality is one of the guiding principles of all areas of operation, and, in this sense, Solví encourages the Entrepreneurial Leaders to seek ISO certifications; in fact, many units already have ISO 9001 certification and others have gone further, with ISO 14001 certification, which is specific for environmental management systems, and others have OHSAS 18000.



>> Corporate Social Responsibility: the company's role in a network of people, community and environment

Solví understands Corporate Social Responsibility essentially as a management model that seeks to fulfill the demands of the society segments related to the company's business and environmental preservation in its tactical and operational strategies and plans

And, this way, it contributes to the sustainability of communities where it operates, and the sustainability of the company itself. In the environmental actions, all initiatives that it develops are based on rigorous compliance with environmental laws and regulations, and the internal Environmental Policy, which, in many aspects, is considered more rigorous than the legislation in force. In 2013, more than R\$ 205 million were allocated to the area.

However, Solví's commitment to the environment is not seen only in its investments, but especially in its systemic vision present in the management of its production activities.

The environmental issue is not dissociated from social and economic issues, leading the Group's companies to create projects focused on supporting the development of technologies that improve the quality of life of people with environmental engineering solutions, as well as projects to promote empowerment, by fostering citizenship and contributing to income generation.

The Solví Institute, responsible for promoting this culture of socio-environmental entrepreneurship in the Group's companies, also supports the qualification of managers and employees, allowing them to act as agents of change towards sustainable development. For this purpose, it keeps a network of Local Social Responsibility Committees, comprised of members from various areas of each company.

Through the SOMAR Project, the Institute encourage the Solví Group's companies to invest in sustainability projects – locally developed from corporate macro guidelines and conducted with the support of local partnerships – that generate positive impact to people and the environment in the cities where the organization operates.

“2013 was an important year. After the diagnostic analysis and planning conducted in 2012 for the implementation of ISO 26000, we actually started to perform the actions developed and evaluate them. This new cycle, which is renewed annually, will help strengthen a culture of sustainability in the Group's companies. Although ISO planning foresees future scenarios – incorporating a long-term systemic vision into the company's practices, already essentially connected with the quality of human and environmental life – the corporate action occurs in the present moment, according to the current reality of the company. That allows such actions to add value to the organization not only along the years, but also contributing to short-term results. And that's exactly the paradigm of sustainability: combine short term and long term.”

Claudia Sérvulo da Cunha Dias,
manager of Communications
and Social Responsibility at the
Solví Group

Launched in 2011 by the Solví Institute, the Solví Award for Excellence in Social Responsibility recognizes the good practices implemented by the Group's companies, awarding not only notable projects, but also encouraging continuous improvements in the search for a socially responsible management, using its own tool that allows to identify the maturity degree of companies in terms of incorporation of the criteria adopted by the Global Reporting Initiative (GRI), ISO 26000 and the Global Compact.

With this identification, the companies are encouraged to create programs of sustainability goals and action plans that promote the principles of a socially responsible management, involving employees in discussions and implementation of planned actions. Solví believes that, regardless of the role their employees have in the company or in the society, all of them should act as environmental agents.

In this context, the Solví Group has promoted, since 2008, the Solví Volunteer Day twice a year to encourage the spirit to serve and the sense of shared responsibility among the organization's employees. Also to encourage the sustainable participation and intrapreneurship of its employees, the Solví Excellence Academy plans, implements and promotes actions focused not only on professional development, but also on human development of its employees.

Excellence Academy

Programs	Objectives
Integrator	Promote integration and alignment with Solví's culture and values
Interns	Identify and develop potential young studies with potential to be part of the team of Solví
Trainee	Develop internal and external talents - recently graduated - to occupy key positions in the organization
Technical staff	Improve technical competences of employees from specific areas, with positive impact on their performance and skills.
Managerial staff	Develop potential leaders, supervisors and coordinators to fulfill business demands
Lead	Boost managerial competences and skills to turn the organization's managers into entrepreneurs.
Coaching	Increase the performance of managers
PMI	Improve project management and follow-up skills.
Grow	Develop an integrated view of the daily functional activities with the knowledge area of the Elementary/Middle/High Education and in the Spanish language course.
Successors	Contribute to the development process of executives, preparing substitutes and successors to fulfill the Group's growth demand.

“The Academy programs are investment of the company to leverage the careers of our employees and ensure the understanding and absorption of future skills for the company's growth. I guess that's its greatest importance.”

Maria Cristina Bertolino,
superintendent of DHO
at Essencis



>> Responsible innovation: the path to the future

The demands of the society regarding sustainability change and expand every day. For this reason, it is essential for Solví, which guides its businesses based on the search for solutions for live, to be constantly ahead, presenting the market and other target audiences new options to solve problems that may impact the environment.



For Solví, innovation is what happens when we challenge ourselves to think differently, seeking solutions that can bring a positive impact on the organization's results and the society through services the Group offers. This is innovation that can generate really important changes. That's why the company encourages its employees to see their daily routine differently, stimulating them to discover more efficient ways to perform the same activities.

One of the ways to encourage employees is the Solví Innovation Award, which aims to expand the culture of innovation across the organization by recognizing the best initiatives and proactivity of its employees. In 2013, in its 7th edition, it had the participation of 90 projects, 7% more than in 2012.

“The development of a proactive culture, in which people see challenges as opportunities and feel encouraged to change them through collaboration and creativity, is the foundation to promote innovation at all levels of the company. And innovation has been the foundation of our development as a company. We see that in the projects submitted to the Solví Innovation Award, a number that has increased along the years.”

Tadayuki Yoshimura, council member of the Solví Group and creator of the Solví Innovation Award in 2007

>> Challenges, commitments and achievements

Social Responsibility Management	2013 Commitment	2013 Achievements	2014 Commitment	Challenge
The Social Responsibility Management of the Solví Group's companies is performed by the Local Social Responsibility Committees, which follow the corporate guidelines established by the Solví Institute.	Start the actions seeking compliance with the goals established in Programs. At corporate level, create a Workgroup with representatives from the following areas: Environmental Management, Finance, Personnel and Information Intelligence, to support the work of Local Social Responsibility Committees.	Twenty-two companies developed their goal planning and one evaluation cycle was conducted. The Sustainability Workgroup was not created.	The Sustainability Workgroup will be created with focus on supporting the implementation of goal planning. Challenge.	Consolidate the Local Social Responsibility Committees as bodies in charge of and able to conduct the social responsibility management of the companies.

Ethics Management	2013 Commitment	2013 Achievements	2014 Commitment	Challenge
The Conduct Committee, comprised of five employees of the Solví Group, is the body in charge of clarifying the principles of the Solví Code of Conduct and promoting and strengthening an ethical culture, monitoring the progress of processes and forwarding eventual exceptional situations for the best possible resolution.	Enhance the diffusion of the Code of Conduct as an enabler in the dissemination of the principles to show how to apply them in the daily routine of every employee.	2013 Actions The Solví Integrity Program was launched. The proposed initiatives included the reformulation of the Solví Code of Conduct, which was revised to incorporate the guidelines of the new Anti-Corruption Act (12.846/2013). The company's leaders received the new version of the Code and signed a term of commitment, ensuring their compliance and dissemination among the staff members.	Promote a strong synergy between the actions developed by the Conduct Committee and the departments of Communications and Human Resources.	Provide guidance to employees, helping them deal with the complexity of ethical dilemmas experienced by anyone, respecting the cultural diversity.

Risk Management	2013 Commitment	2013 Achievements	2014 Commitment	Challenge
The Risk Management is understood as an essential tool to identify, analyze and propose strategic actions to face situations of instability related to the operations of companies, allowing to adopt a preventive attitude in case of strategic risks that involve financial results and the organizational image and climate of companies.	Creation of Action Plans to monitor risks that have been mapped and ensure proper reporting to the Administration Council of each business area.	The Action Plans were developed for each Business Unit, based on the vulnerabilities and degree of exposure related to the activities performed. This process was individually conducted for every company and was based on the Solví Risk Management Policy and Risk Maps.	Follow the implementation of Action Plans and develop a reporting mechanism for a more effective monitoring of how the theme has progressed in every business area.	Incorporate the Risk Management into the organizational culture, as a measure to create value and sustainability.

Organizational Development Management	2013 Commitment	2013 Achievements	2014 Commitment	Challenge
The Organizational Development Management is considered a strategic area providing support to business, responsible for consolidating an entrepreneurial culture with can generate value through businesses of the Group, with the leader as the main agent of his/her area.	Consolidate the MES with all leaders of the Solví. Create modules of professional development based on the guidelines of MES and implement them at the Excellence Academies of each company of the Group.	Tools and technologies were developed to support the MES, allowing managers to know the real impact of the business they are conducting on the organization's results.	Support the Group's companies in their employee training process, strengthening the Excellence Academies.	Fulfill the different training demands according to the distinct profiles of the function/ employee/ geographic region where the Group operates.

Knowledge and Innovation Management	2013 Commitment	2013 Achievements	2014 Commitment	Challenge
The Solví Group's operations are based on the creation of Solutions for Life, seeking to identify tools and methods to ensure fulfillment of sustainability demands of the society. Based on this concept, the Solví Innovation Award was created as a corporate encouragement to proactivity of employees in their search for innovative solutions that can promote positive impacts on the company and its different stakeholders.	Increase the number of innovative projects in the Solví Group and, consequently, the number of candidates for the award.	The 7th edition of the Solví Innovation Award conducted in 2013 had the participation of 90 projects, which represents a 7% increase in relation to 2012.	Keep expanding the culture of innovation across the organization by recognizing initiatives and proactivity of employees and promoting engagement actions with the Group's stakeholders.	Strengthen communication and relationship skills of the organization.

Communication Management	2013 Commitment	2013 Achievements	2014 Commitment	Challenge
Communication at the Solví Group, managed by the Solví Institute, is a tool of education and an essential part in the process to build its legacy, as it encourages open behavior of employees and enables to strengthen the relationship with the organization's stakeholders. The basic concept of the Corporate Communication of Solví Participações S.A. is to establish a natural and quick flow of information, to help consolidate the Corporate Governance of the Group	Commitment Implement the plan designed for Solví Participações S.A., while local plans of the Group's companies are developed and implemented.	An internal communication network was developed, with the creation of the Communication Workgroup (GTCOM), comprised of members from the Group's companies, acting as focal points of communication. These employees were trained to assume this function. The activities performed included mapping and prioritization of target audiences and development of local communications plans, aligning the strategies of the business units with those of the Solví Group.	Ensure clear intention and constant flow of information for effective communication. With this purpose, a supporting material will be developed for the leadership – the Communicating Leader Guide –, which, based on concrete examples, will guide them in terms of behaviors in real situations that can impact the institutional image. The first module of an e-learning course on the theme will be launched, available to anyone interested in this subject	Consolidate the understanding that effective communication is a mandatory competence of leaders, legitimate the focal point as the manager of the local plan and keep constant flow of information.

AWARDS

See some awards and recognitions achieved by the companies of the Solví Group:

THE SOLVÍ GROUP

Solví elected the first in corporate governance.

The special issue of 1.000 Melhores Empresas (1,000 Top Companies) of IstoÉ Dinheiro (magazine) chose Solví as the best example of Corporate Governance in the segment of specialized services.

An award that recognized the Group's work in value protection, through its good relationship with stakeholders and transparency in information disclosure. In the general ranking of the segment, the company was in 2nd, the same position achieved in Social Responsibility.

CRVR

(Companhia Riograndense de Valorização de Resíduos)

- Henrique Luiz Roessler Environmental Merit Award (Ecologia e Meio Ambiente magazine published by Publemosc)

GRI

- Environmental Merit Award granted by Fiesp (Federation of the Industries of the State of São Paulo)

ESSENCIS

- The Best Companies to Work for (Guia Você S/A)
- Intranet Portal Award (Instituto Intranet Portal)
- MAKE Award Brasil 2013 (MAKE – Most Admired Knowledge Enterprise)
- Santa Catarina Excellence Award / PCE (Santa Catarina Movement for Excellence)
- SP Management Quality Award / PPQG (SP Institute of Management Excellence)
- Rio Quality Award /PQRio (Rio de Janeiro State Government)
- Minas Gerais Award of Environmental Management (Minas Gerais State Government and Brazilian Union for Quality/UBQ)



OUR PARTNERS

Employees

Suppliers

Customers

Community

**Relations with the market
and the society**



“Professional training at GPO is one of our priorities, a strong team is reflected in the work results.”

Gustavo Andrade Nunes, Contract manager at GPO since 2013.

OUR PARTNERS

>> Employees: our major differentiation

The Solví Group has more than 25,000 employees, who act as environmental agents, seeking solutions for life. The operation of these employees is based on solid values – shared by the company – such as entrepreneurship, innovation and proactivity.

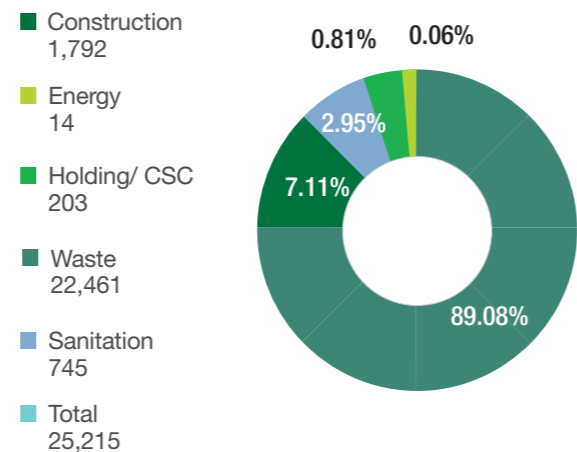


“The employee profile of the Solví Group somehow shows a portion of the Brazilian population with its rich characteristics and challenges related to diversity. We are very different, not only in our functional body, but also in areas and locations of operation, and most importantly, we have a strong sense of belonging to a unique and coherent company, which is ‘being Solví’,”

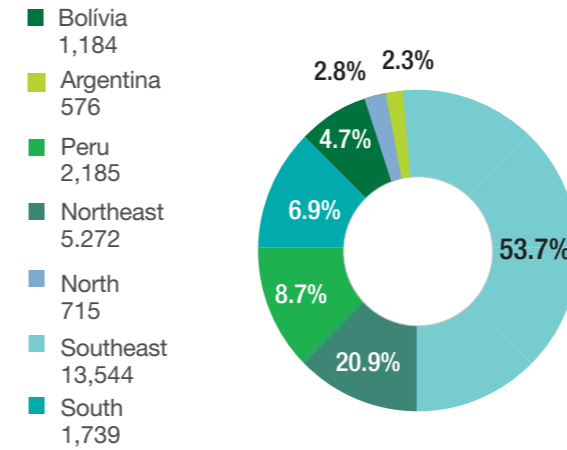
Priscila Lopes,
People Coordinator at the Solví Group.

More than 25,000 employees

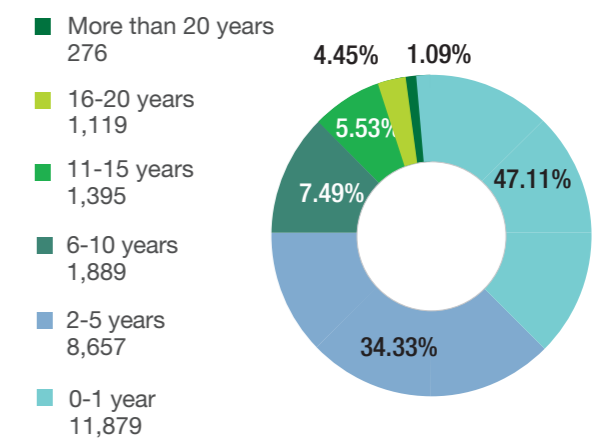
EMPLOYEES BY BUSINESS UNIT



EMPLOYEES BY GEOGRAPHICAL REGION



EMPLOYEES BY LENGTH OF SERVICE (AT THE SOLVÍ GROUP)



>> Suppliers: partners in our sustainable performance

The organization is aware of its power of influence across the business chain and wants to use it positively, building long-standing strategic commercial partnerships with companies that have the same values as the Solví Group.

With this purpose, it developed supplier registration and qualification criteria, ensuring commercial relations only with those companies that have the same principles as Solví. Technical visits, assessment meetings, surveys, training actions and projects developed in partnership with suppliers are some of the initiatives that strengthen the relationship with suppliers.

13-YEAR SUCCESSFUL TRAJECTORY

In 2013, we celebrated the 13th anniversary of the partnership between the Solví Group and MAN Latin America – manufacturer of Volkswagen and MAN trucks and buses. In this period, more than seven vehicle prototypes have been developed by MAN to fulfill specific needs of the Group’s companies. A result of this joint work is VW Constellation 23.230 6x2 Compactor, a truck prototype for solid waste collection, which belongs to the fleet of Loga, the Solví Group’s company in charge of providing waste collection services in the city of São Paulo in 2013.

With a customized development to help increase productivity, the new prototype has the ideal power to transport up to 13 tons of solid waste per trip, running, on average, 4,000 km a month. It was also developed to reduce acquisition and maintenance costs and ensure safety and comfort to the driver and team of waste collectors. The idea is to extend and adapt these innovations to other models manufactured by MAN used in different segments.



>> **Customers:** drivers for increasingly sustainable businesses

The Solví Group, through its customers, can achieve its mission, which is to find solutions for life. The customers encourage the Group's companies to dedicate more and more efforts to the search of technological innovations that can promote environmentally adequate and socially inclusive results in issues like waste disposal and valorization, energy generation from renewable sources and improved quality of essential services.

CUSTOMIZED SOLUTION

Finding an environmentally aware and economically viable solution for the paint sludge produced in the industrial process of metal surface painting. That was the challenge proposed by Renault to GRI, the Solví Group's company in charge of waste management at the Ayrton Senna Complex, a plant located in São José dos Pinhais (PR), which houses the three Renault factories in Brazil.

The proposed option was to use this waste as alternative raw material in the production of premolded cement blocks. The idea was implemented in 2013 and has presented good results, with positive environmental and economic impacts: increased recycling index was observed in the Ayrton Senna Complex and reduced cost of paint sludge recycling.



>> **Community:** an extension of our values

The Solví Group sees in neighboring communities of its operations an opportunity to expand its values beyond the organization. Thus, the Group develops its own campaigns and partnerships to expand the vision of sustainability and population awareness.

It also supports and develops initiatives for the development of people in situations of social and economic vulnerability. The objective is to build transparent and quality relations, with the identification and mitigation of the main local problems.



INCENTIVE TO EDUCATION

Encouraging students at older age for the grade they are attending (age-grade distortion) to keep studying, showing these young people that many job opportunities are directly connected to the education level. This is the main objective of the Futuraí project, created by the Municipal Secretariat of Education and Culture of Minas do Leão, a city located in Rio Grande do Sul, in a partnership with CIAPPEG (Interactive Center of Psychological and Pedagogic Service).

The initiative – supported by CRVR (Companhia Riograndense de Valorização de Resíduos), a company that belongs to the Solví Group – conduct supervised visits to local companies, widening the students' view of the labor market and their future perspectives.

In 2013, besides the visits to companies, the participants visited the administrative areas of the City Administration of Minas do Leão and CRVR facilities in the city, when they could learn about the work performed by a public body, and the professional qualification required to perform every function with quality, as well as the challenges of working in an environmental engineering company that deals with waste.



>> Relations with the market and organized society: a double-way path

Solví participates in discussions promoted by associations and organizations of the society and in the development of policies for the different markets where it operates, provided that they are aligned with the corporate identity. It also assumes voluntary commitments that follow its principles and values.



United Nations
Global Compact

Ethos Institute of Social
Responsibility

Brazilian Business
Council for Sustainable
Development

Unions and Trade
Associations



MILLENNIUM DEVELOPMENT GOALS

The Solví Group is a signatory to the Global Compact, an initiative developed by the United Nations (UN), whose purpose is to mobilize the corporate community for the adoption of internationally accepted essential values in their business practices:

HUMAN RIGHTS

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 - Businesses should make sure they are not complicit in human rights abuses.

LABOR

Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4 - Businesses should uphold the elimination of all forms of forced and compulsory labor;

Principle 5 - Businesses should uphold the effective abolition of child labor; and

Principle 6 - Businesses should uphold the elimination of discrimination in respect of employment and occupation

ENVIRONMENT

Principle 7 - Businesses should support a precautionary approach to environmental challenges;

Principle 8 - Businesses should undertake initiatives to promote greater environmental responsibility; and

Principle 9 - Businesses should encourage the development and diffusion of environmentally friendly technologies

ANTI-CORRUPTION

Principle 10 - Businesses should work against corruption in all its forms, including extortion and bribery.

OUR BUSINESSES



Solvi
Public
Waste



Solvi
Private
Waste



Solvi Sanitation



Solvi Energy
Valorization



Solvi
Engineering

"People know where I
work and they talk about the
improvements in the
service provided."

Rodrigo Borges, operator at São Gabriel
Saneamento since 2012.



OUR BUSINESSES

The Solví Group has strong presence in five segments – Public Waste, Private Waste, Sanitation, Energy Valorization and Engineering – and it provides the support required for all its companies to achieve the expected results, acting quickly and in synergy with corporate strategies.

Thus, the operations have the support from the Center for Shared Services (CSS) for the development of its businesses. This unit centralizes all administrative areas that support the companies (Accounting, Tax, Supplies, Treasury, Accounts Payable, Accounts Receivable, Insurance, Personnel Administration, Reporting, Information Technology and Information Development), promoting an integration between processes and information. The result is resource optimization, standardization of key procedures and service customization.

The CSS is always seeking innovations and technologies that can improve its productivity, optimize processes, fulfill the demand of its internal customers or reduce costs.

The Solví Group's companies are focused on designing projects and conduct viability studies for new businesses which require expertise from different companies, identifying these opportunities, creating partnerships with different companies, aligning interests. This is a synergy work, very important for the Group's business expansion.

In only six months, with this focus, 64 business proposals were submitted, eight contracts resulting from these were signed in 2013, in the areas of waste management, energy valorization, engineering and sanitation.

SYNERGY OF RESULTS

In 2013, Koleta Ambiental, in a consortium with Revita Engenharia – a company that belongs to the Vega Group –, won the bid for the provision of conservation, general cleaning, sweeping, collection and final destination of waste generated at

the Port of Santos, considered the largest port in Latin America and one of the 50 largest ports in the world. Then, Koleta expanded its operations, with the creation of an operational unit in the city of Santos.





SOLVÍ PUBLIC **WASTE**

Providing quality services to the population, with long-term agreements with municipal authorities, and respect for the environment. This is the main objective of the Solví Group in the segment of Public Waste. Its operation in this market is through companies that comprise the Vega Group – including Revita Engenharia Sustentável, present in 13 Brazilian cities – and Relima, operating in Argentina and Peru.

SOLVÍ PUBLIC
WASTE



Pioneer in the segment of urban cleaning and waste valorization, Vega has more than 40 years' experience in the market, operating in many Brazilian states and in Latin American countries, through associated companies or own units

One of its focus in 2013 was its geographic expansion. Following this strategy, and after almost two years in negotiation, Hera Ambiental Waste Treatment Center (WTC) was acquired, located in the city of São Francisco Cumprido do Conde (BA), in a strategic place to serve the Reconcavo Bahiano (the coastline that defines the bay).

In Piauí, one more acquisition: WTC of Altos, a city located 41 km from Teresina. Still in construction phase, the facility will receive waste from the State capital and other 21 cities in the region. The company is also investing in the implementation of a WTC in Belém (PA), to serve this State capital and the metropolitan region. Both units are expected to start operating in 2014.

In the international area the company signed an agreement in Argentina and has increasingly strengthened its presence in Peru, where it has operated for more than 15 years, through Relima. Vega is also responsible for services of waste collection and urban cleaning in Santa Cruz de la Sierra, the most populous and economically important city in Bolivia.

Internally, and to improve the culture of continuous improvements in its operations, the Group implemented Optimax in 2013, a management tool based on four pillars (Leadership, People, Processes and Operational Management Systems), which is already helping the company improve its productivity, people management and, consequently, its margins.



Sustainable future

Vega's future challenges include the consolidation, among municipal governments, of the "Clean City" concept, which values service quality, and not the quantity of collected waste or total sweeps. For many years, the Group has defended the popularization of this urban cleaning model which, to achieve the expected result, is based on environmental education and population participation in the inspection process, promoting a deep behavior change.



It will keep searching for better margins in agreements already signed, with investments to improve Vega's productivity and operation efficiency. In the international area, the focus will be on the expansion and consolidation of business in Peru, a country that has presented 6% growth rate a year. In addition, two large Waste Screening Centers in the capital of São Paulo will be constructed, which will help the City Administration of São Paulo achieve its recycling goals..

SOLVÍ PRIVATE WASTE

Promoting innovative environmental management solutions for sustainable destination of waste from the industrial segment. This is the main mission of the Solví Group's companies that operate in the segment of Private Waste.



SOLVÍ PRIVATE WASTE



Essencis is a company that provides industrial waste treatment and destination, as well as environmental valorization. And, therefore, it develops and implements innovative solutions that, while fulfilling its customers' needs, promote the sustainable development of the places where the company operates.

That is seen in important agreements signed by the company, such as the agreement signed in 2013, with the Gerdau Group. The agreement foresees the acquisition of steel plant sludge generated by the unit of Gerdau located in Ouro Branco (MG); the recovery of metallic iron contained in the material – using a new and patented technology –; and the material resale to the market as a high value-added raw material for steel production, replacing the use of scrap and iron ore. To develop this process, Essencis will keep a plant in the city, whose capacity will fulfill not only the demand of this customer, but the whole steel industry in the Minas Gerais. Another investment in Minas Gerais in 2013 was the construction of waste energy valorization unit in Betim. This unit produces blends (replacement sources) from several types of waste (oil sludge, solvent, plastic, contaminated soil, paper, fabric). After the treatment, the material is used in cement kilns as alternative fuel. The project is a result of a technical partnership between Essencis and French Lafarge.



Following its strategy of expansion in Minas Gerais, Essencis also inaugurated at the end of 2013 an Environmental Valorization and Treatment Center (EVTC) in Zona da Mata, in Juiz de Fora. One Class I landfill is operating at the site, but other investments are foreseen, such as the construction of a Class II landfill and other complementary technologies.

LANDFILLS: AN ECOLOGICALLY AWARE SOLUTION

Landfills are a safe and efficient method for the final disposition of both Class I waste (with risk to the environment or public health and, for this reason, requiring special treatment and disposition) and Class II waste (household waste from homes, shops or other activities performed in a city).

The landfills managed by Essencis and other companies of the Solví Group are all built with cutting-edge technology of soil waterproofing, and they adopt the total waste confinement technique, with drainage and treatment of wastewater and gas emission and are continuously monitored to ensure maximum

In 2014, Essencis will keep supporting its customers and partners in the search of sustainable solutions, aligned with the National Solid Waste Policy, and using innovative technologies. It will also keep the projects in progress and its cost reduction strategies implemented in 2013, promoting the company's growth





SOLVÍ PRIVATE WASTE



One of plans of GRI for the next years is to promote the diversification of its activities, to offer more and more customized solutions to its customers, aligned with the National Solid Waste Policy (Law 12.305/10). With this objective, in 2013, it started in the market of reverse logistics of electric and electronic appliances. Since then, monitors, TVs, printers, among others, are collected and disassembled, and their components are sent to the recycling facility. The electronic boards of computers are sent to a Japanese company of reverse production that separates metals like copper, aluminum and gold, reinserting them in the production chain.

Also in the same line of operation, GRI started to manage, last year, the reverse logistics of automotive catalysts and plastic recipients from lubricants, which are collected thanks to the participation of GRI, in a partnership with Koleta Ambiental, under the “Jogue Limpo” Program, a structured initiative offered to manufacturers, importers, unions and distributors of lubricants in the country, after a sectorial agreement to prevent incorrect disposal of this type of recipient, which could contaminate the environment. Only in the states under the responsibility of GRI – Minas Gerais, the Federal District, Espírito Santo, Alagoas, Sergipe and Bahia – around 6 million post-consumption lubricant recipients have been collected and recovered.

GRI also started to offer in 2013 the off-site decharacterization service of products not are suitable for sale or consumption, thus, protecting the manufacturer brand and preventing illegal trade and reuse. Until then, this service was conducted only at customers’ headquarters. All these actions have favored the action of GRI in the market of TWM (Total Waste Management).



New demands

The Environmental Merit Award granted by the Fiesp (Federation of the Industries of the State of São Paulo) to encourage good practices in the production sector, was another important fact in 2013.

GRI was awarded for its innovative technology used by Receitalamp, a company of the Group specialized in the revitalization of fluorescent bulbs, returning them to the market to be reused. However, the most important step in 2013 was the consolidation of Organosolví. Located in Coroados, in the country side of São Paulo, it is considered the largest plant of organic fertilizer in Brazil, with monthly capacity to process 4,000 metric tons of this product.

Organosolví started operating in late 2012, but in 2013, the product acceptance was evaluated, which was above expected.

IN 2013, GRI COLLECTED AND RECOVERED AROUND 6 MILLION POST-CONSUMPTION LUBRICANT RECIPIENTS.

The goal of GRI will especially involve the market of Organosolví. The company also intends to keep its leading position in the market of industrial waste and start new businesses in different states in the area of consumer goods.



SOLVÍ PRIVATE WASTE



With its operations focused on the states of São Paulo and Rio de Janeiro, Koleta Ambiental ended in 2013 the restructuring process started in year before, joining services, processes and quality controls. The purpose was to ensure the same standard of operations in all markets where it is present.

The results of improvements have already appeared, bringing important contracts. Last year, for instance, Koleta São Paulo, in a consortium with Vega, started to provide services of waste collection, sweeping, conservation of internal ways and administrative buildings for Codesp, the company in charge of managing the Port of Santos, in the State of São Paulo.



Another important bid won by the company was from CPTM (São Paulo Metropolitan Train Company), for the final destination of organic waste collected at the 90 stations of CPTM located in 22 municipalities.

The synergy with other companies of the Group also allowed to create new partnerships. Today, Koleta collects the organic waste sent to Organosolví, in Coroados (SP), and later, it delivers the resulting fertilizer. It has also become responsible for the waste transportation to the Aterro Industrial Ecosystem, a landfill kept by Essencis, in São José dos Campos (SP).

In Rio de Janeiro – where the company is the market leader – the revitalization work of the unit was concluded. However, the main focus was to show the customers that the company is prepared to conduct all stages of waste management.

Great plans

For the next years, the objectives of Koleta are ambitious: the company intends to double its revenue by 2018. For this purpose, it intends to expand geographically and diversify its portfolio.

It also foresees the construction and operation of its own transfer stations – temporary destination places between the collection area and the landfill – in Rio de Janeiro and in São Paulo.

Another segment of investments has been the implementation of recycling facilities. The Itaquera unit, located in São Paulo (capital), was inaugurated in 2012 and is already processing solid waste.

In the same place, a recycling plant for Civil Construction waste started operating in 2013, where the materials are screened, separating those that can be reused as raw material in Civil Construction, in non-structural applications.



With concluded internal restructuring process, Koleta is prepared to expand its businesses, by either starting in new markets or offering new services. Then, the company expects to increase its share in the segment of valorization and management of private waste, increasing its results. The projects in progress include the construction of transfer stations in São Paulo and Rio de Janeiro, as well as a recycling plant, also in Rio.

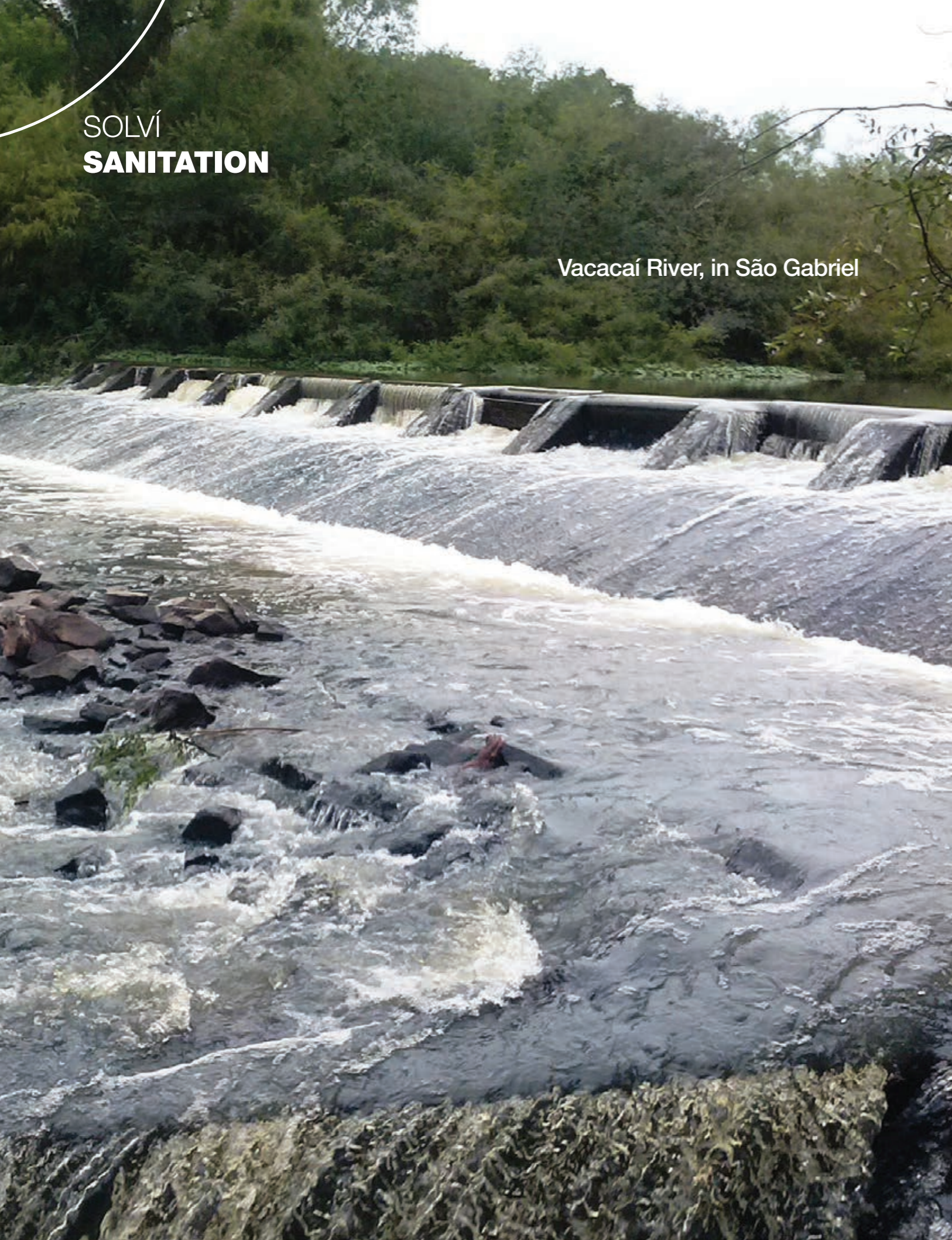


SOLVÍ SANITATION

Ensuring the quality and universalization of services of water supply and sewage treatment to the population served. This is the objective of Solví Sanitation, operating through concessionaires Manaus Ambiental and São Gabriel Saneamento, in Manaus (AM) and São Gabriel (RS), respectively.



Vacacaí River, in São Gabriel



In 2013, the population of São Gabriel, a city located 320 km from Porto Alegre, the capital of Rio Grande do Sul, frequently saw professionals from São Gabriel Saneamento – a company that belongs to the Solví Group and currently in charge of the water supply and sanitation services – working on the streets of the city. And this scene may repeat more and more in the next years.

In the last quarter of last year, São Gabriel Saneamento received funds of R\$ 43 million – through “Saneamento para Todos”, a federal government program – to invest in improvements in the service provided, starting with infrastructure work. The fund is the first portion of an agreement that exceeds R\$ 110 million. Besides this amount, other R\$ 7 million have already been invested, in just a little more than one year, by São Gabriel Saneamento, in renovation in the distribution system, sewage system expansion, technical studies and development of projects; actions that allowed an increase in the number of homes connected to the sewage system, from 13% to 15% in the city.

But the final objective is the universalization of sewage collection (96%) and treatment (100%) by 2020. And, to achieve this goal, the following implementations are foreseen: 211,000 m collection system, and the construction of 11 lifting units and a new Wastewater Treatment Plant (WWTP), which may start in 2014.

At the same time, São Gabriel Saneamento launched, in a partnership with the Federal University of Pampa (Unipampa), a project of incentive to cooking oil collection and recycling, using collection points. The purpose is to prevent the incorrect disposal of this material, contaminating rivers and streams, and generating high cost and more time to treat the water. The company is also starting to recover the riparian forest near Vacacaí River, located in the municipality.



MANAUS AMBIENTAL

The same movement is happening in the capital of Amazonas, where Manaus Ambiental has been for 13 years the private concessionaire in charge of local sanitation, serving 1.8 million people. In this period, all goals agreed with the City Administration were conducted, with investments of around R\$ 800 million to expand sewage collection and treatment coverage, consolidate the water supply and improve the quality of services provided.

In 2013, one more important step was taken towards service universalization, with the signature of the protocol of intent between the state government and the city administration for the operation of public consortium Proama (Water for Manaus Program), which will benefit around 500,000 people who live in the East and North areas of the capital. According to the agreement, Manaus Ambiental should provide the interconnection of the Proama Complex – which includes the treatment, storage and distribution of drinking water to five reservoirs in Manaus – to the distribution system.



The main projects of Solví Sanitation includes the gradual expansion of the sanitation system. In the city of São Gabriel, it will allow, some years from now, 100% of local population with access to this service. Today, this service is available to 60% of the population only. This city will also have the construction of a new treatment station, with the capacity to receive and treat 13 million liters of wastewater a day



SOLVÍ ENERGY VALORIZATION

Solví Energy Valorization (SVE) is the Group's arm exclusively dedicated to searching for alternative, economically viable, environmentally aware sources of energy. Today, it is especially focused on the construction and operation of biogas-powered thermal power plants - biogas is a by-product of organic waste decomposition.



SOLVÍ ENERGY VALORIZATION



Termoverde, located in Salvador (BA), is the first biogas-powered thermal power plant implemented in the Northeast region of Brazil. With capacity to generate around 20 MW, since 2012, it has received biogas collected from a landfill in the metropolitan region of the capital of Bahia – managed by Battre, which belongs to the Solví Group. It processes and uses biogas as fuel to power turbines that will produce electric energy.

With this system, it prevents the emission of gases such as methane (CH₂) and carbon dioxide (CO₂) – the main components of biogas and that cause the greenhouse effect – in the atmosphere. In 2013, the main focuses of Solví Energy Valorization (SVE) were consolidate the operations of Termoverde, increasing efficiency and reducing costs, and find ways to replicate the model adopted in other landfills managed by the Group and other landfills of partners. In this process, the agreement with Italian AB Energy was extremely important, as it allowed the installation of engines of biogas-powered thermal plants in containers, for increased profitability and easy installation and mobility.



This new technology will be implemented by SVE at the biogas-powered thermal power plant that will be built in the landfill of Minas do Leão, located around 90 km from Porto Alegre (RS) and that may start operating in 2015, generating 8 MW. A similar project will be implemented at the Caieiras Treatment and Environmental Valorization Center, located in the

Future Vision

The medium- and long-term goal is to reach total installed capacity of 300 MW for energy generated from biogas collected from landfills managed by the Group's companies. Other important projects in this area are: the construction of the first thermal power plant using incineration of solid waste in Brazil, a result of a public private partnership between the City Administration of São Bernardo do Campo (SP) and the consortium that includes Revita, a company that belongs to the Solví Group.



The consolidation of Termoverde's operation to reach 15.4 MW will allow Solví Energy Valorization to start operating in the spot market, increasing its profitability. The company also plans to redesign the operation model from a fixed to variable value per mW/h. New thermal power plants will also be implemented.



SOLVÍ ENGINEERING

Solví Engineering is the Group's arm focused on heavy civil construction segment. Its operation in Brazil and in Peru is through GPO Engenharia (Gestão de Obras e Projetos), which participates in public and private construction works, always observing the Solví Group's quality and sustainability policies and standards.



GPO (Gestão de Obras e Projetos) is present today in 20 municipalities, with operations in Peru as well. Its broad expertise allows diversified operation, with projects in progress and already concluded in the segments of civil construction, sanitation, embankments, infrastructure and power generation and transmission.

In 2013, 53% of the contracts in progress involved the private segment, an important change in the company's profile. This change brought increased work complexity and operations in new markets.

For instance, GPO, in a consortium with Spanish Comsa, is participating in the construction of a shipyard of EBR (Estaleiros do Brasil), in the city of São José do Norte, in Rio Grande do Sul. This project will have marine platforms for pre-salt exploration and will be the largest naval complex in Brazil.

This construction may be concluded in 2015, and it requires specialized services, such as sounding. In sanitation, GPO concluded, in the first half of last year, the expansion work of the Sanitary Sewage System for the city of Vitória da Conquista (BA), with the construction of seven lifting units and 21,000 homes connected to the system. Also in the state of Bahia, GPO headed the construction of a new pipeline from São Francisco River, which will ensure water supply for the microregion of Irecê, located in the semiarid area of Bahia.

GPO is also focused on sustainability and savings. It is reflected in the construction project for the new generation of Sesi/Senai educational

units, developed by the company. These five units in construction in the state of São Paulo use concepts such as better use of the area, thermal and acoustic comfort, better use of natural light, reduction of maintenance costs and environmental impact.



Consolidate the position of GPO in the market of midsize construction companies, expanding its operation in long-term and structured projects. The purpose is to reach moderate growth, above the annual inflation index. Internally, the company may invest in workforce training and leadership training, to improve its services. Another goal will be the unification of operations in Brazil and Peru.





5

OUR PERFORMANCE

Context of operation

Solvi Panorama

Economic performance

Contributions to sustainable development

2014 Panorama

The Solvi Scenario



OUR PERFORMANCE

The Solvi Group has more than 25,000 employees, who act as environmental agents, seeking solutions for life. The operation of these employees is based on solid values – shared by the company – such as entrepreneurship, innovation and proactivity.

>> Context of operation

ENVIRONMENT

- **International Year of Water Cooperation (UN).**
- **Approval of the National Plan for Basic Sanitation.**
- **Publication of the first report of the Brazilian Panel on Climate Change.**
- **Little progress in the implementation of the National Solid Waste Plan**

The year of 2013 was considered by the United Nations (UN) as the “International Year of Water Cooperation”, emphasizing the importance of sustainable use of water resources and mobilizing governments, companies and the civil society around this theme.

Coincidentally, in Brazil, the National Plan for Basic Sanitation was approved in the second half of the year, through a ministerial directive that establishes guidelines, goals and actions for basic sanitation in the country in the next 20 years (2014-2033). The proposal foresees investments of around R\$ 508.4 billion in the period to increase the levels of coverage and better quality in services provided to the Brazilian population.

Climate change was another theme in discussion. In 2013, the Brazilian Panel on Climate Change presented its first report, the most complete diagnosis produced about future trends of climate change in the country. The document shows that, considering the current levels of pollutant concentration in the atmosphere, the temperature in Brazil will increase between 2°C and 3°C, in 50 years.

The good news is that the country has been in a

mobilization, and the goal of reduced deforestation may be achieved before the deadline, with less than 4,000 km of deforested area a year before 2020. This estimate is from the Secretariat of Climate Change and Environmental Quality, linked with the Ministry of Environment.

On the other hand, the implementation of the National Solid Waste Plan (Law 12.305/10) has not progressed as expected. Little has been done, despite the deadlines planned for the implementation of the measures described in the new policy – such as the end of open-sky waste deposits.

Most Brazilian municipalities have not been able to find solutions that change problems related to waste management into opportunities for the population, the environment and businesses. Several factors contribute to that situation: lack of technical and economic support, structural and political issues, and even the absence of a municipal fee or tax exclusively for waste management – a practice adopted by few municipal governments –, among other issues.

The year ended with the 19th Climate Change Conference of the Parties (COP19), conducted in late November, in Warsaw, Poland. However, the meeting was criticized by analysts for not receiving the urgency that it deserves.

HUMAN RIGHTS

- **The constitutional amendment that gives household workers the same rights as other professionals is approved.**
- **Brazil reduces by 53% the proportion of hungry people since 1990.**

The year of 2013 starts with a constitution amendment that affects millions of Brazilians: it gives household workers the same rights as other professionals,

ensuring benefits that were already granted to other categories, such as unemployment allowance, dismissal fund, additional payment for night work and 40-hour workweek.

Another good news was announced by the Food and Agriculture Organization (FAO) of the United Nations.

According to FAO, since 1990, Brazil has reduced by 53% the proportion of hungry people, achieving before the deadline the Millennium Development Goal, which proposes that, by 2015, the nations should reduce by half the number of hungry people.

But there is still a lot of work to be done: data show that around 7% of the Brazilian population are hungry people, corresponding to 13 million people.

In August, the attention was to Syria, where, more than 1,400 civilians died in the local civil war started in 2011 – including hundreds of children – after attacks with chemical weapons in the outskirts of capital Damascus.

The international pressure forced the approval of a resolution of the UN Security Council, requesting the chemical arsenal of the country to be destroyed by mid 2014. And, on the last days of the year, the world was sad with the death of South African leader Nelson Mandela.

Icon of the battle against the apartheid – regime of racial segregation in force between 1948 and 1994 in South Africa –, Mandela was in jail for 27 years and became the first president elected in the democratic and multiracial phase of his country. He received the Nobel Peace Prize in 1993.

SOCIETY

- **Protests on the streets of Brazil.**
- **The Confederations Cup is held in Brazil.**

A movement against the increase in the public transportation fare in São Paulo started a number of protests that took millions of people to the streets, unhappy with corruption and quality of public services in Brazil. Several manifestations ended in conflict with the police.

Despite the protests, the Confederations Cup was held in Brazil, an opportunity for the country to show its organization ability for the Football World Cup that

will take place in 2014. The Brazilian team won the competition in crowded Maracanã Stadium, in a well-disputed final against Spain.

Another important fact was the visit of Pope Francis to Brazil during the World Youth Day, attracting 355,000 people from 175 countries. That was the first international event with the participation of the new Pope since he was chosen to replace Pope Benedict XVI.

ECONOMY

- **Aneel reduces tariffs to residential and high voltage consumers.**
- **Copom increases the basic interest rate (Selic) six times.**
- **Dollar gets stronger in relation to real.**
- **The Gross Domestic Product (GDP) ends the year with 2.3% increase.**

The measures announced by Aneel (the Brazilian Electricity Regulatory Agency in early 2013 (Law 12.783), extended concessions of electric energy generation and reduced sectorial duties to lower tariffs to both residential and high voltage consumers. The intention behind that was to control the inflation, avoiding corrections of so-called administered costs, such as electricity, fuel, public tariffs, etc.

Also attempting to reach the inflation target, Copom (the Monetary Policy Committee) increased the basic interest rate (Selic) six times in 2013.

The year also had strengthening of the US economy, which – combined with greater suspicion of investors in the Brazilian economy – led to high dollar rate in relation to real.

This scenario affected the country's growth rate, which ended the year with 2.3% GDP, according to IBGE (the Brazilian Institute of Geography and Statistics).

However, it did not impact the unemployment rate, which reached 7.1%, according to IBGE, lower than the rate reported for 2012 (7.4%).

In the international scenario, the Eurozone showed that it is leaving the recession period, and unemployment started to reduce more consistently in the United States.



>> Solví Panorama

The Solví Group's activities are directly focused on the environment and quality of life. Thus, the Group's companies followed the 2013 scenario with attention, identifying opportunities and challenges. The main challenge is in the implementation of the National Solid Waste Policy (PNRS). In the 1970s, even before the world mobilization around themes such as sustainability and global warming, Solví saw the importance of actions related to waste recycling and valorization, and it had a recycling plant in the country. This initiative was followed by many other actions, also considered innovative, in the areas of sanitation, energy generation and valorization, infrastructure and waste collection, handling and final destination, always with focus on sustainability.

Whereas the trajectory and entrepreneurial vision of Solví makes the Group see the slow progress towards the PNRS implementation with sadness, on the other hand, it allows the Solví Group's groups to support public and private organizations in the demands generated with the new policy, offering expertise and a diversified portfolio of services.

Another important challenge in 2013 was the Brazilian economic situation, characterized by economic slowdown, high interest rate, currency depreciation and inflation pressure. This panorama, although it has brought a more careful approach to investments of the Group, has boosted further initiatives of management efficiency that had been developed in the last years.

In the area of energy, although climate change has been a widely discussed theme, indicating the need to rethink the predominant energy matrix, in Brazil, governmental support that used to be allocated to innovative sources only – such as energy generation from biogas – were extended to the other segments, with a pack announced by Aneel (the Brazilian Electricity Regulatory Agency) in early 2013, in an attempt to reduce the price of energy in the country. But innovative and alternative sources of energy generation still involve high cost, and therefore, without support, its competitive may be affected. Yet, the Solví Group understands that it is important to invest in this sector, which may consolidate and expand in the next years, due to the increasingly urgent demand.

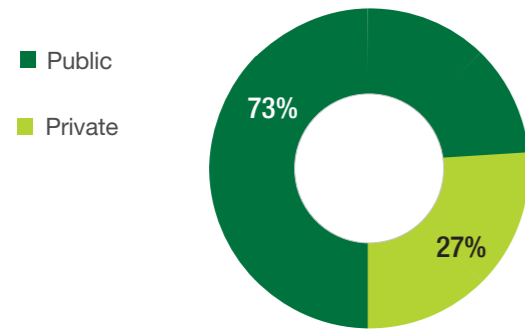
The year of 2013 had positive milestones that bring development opportunities for the country and the sanitation segment of the Solví Group. After years being discussed by the National Congress, the National Plan for Basic Sanitation was approved, setting up sanitation guidelines, goals and actions for the country in the next 20 years (2014-2033). The plan approval brings great expectation to the sector, which shows significantly poor access to basic sanitation services, and the Solví Group is, once again, prepared to operate in partnership with state and municipal governments in this new structuring phase, which may leverage the quality of life of thousands of Brazilians.

Another positive factor was the excellent performance in the farming sector, which reported 7% increase – the greatest in its history in the sector, started in 1996 –, driving the Brazilian GDP up. That was exactly in the same year the Solví Group started in the market of organic fertilizers, when Organosolví started operating, with positive impact on product acceptability.

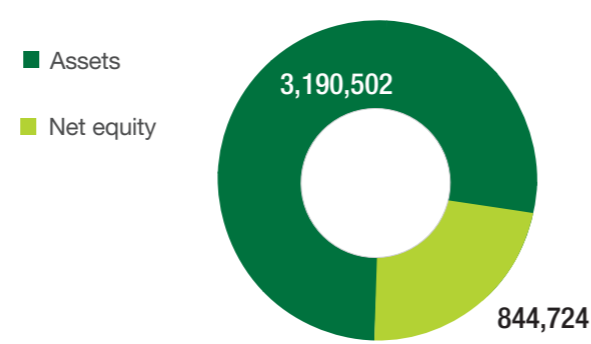


>> Economic performance

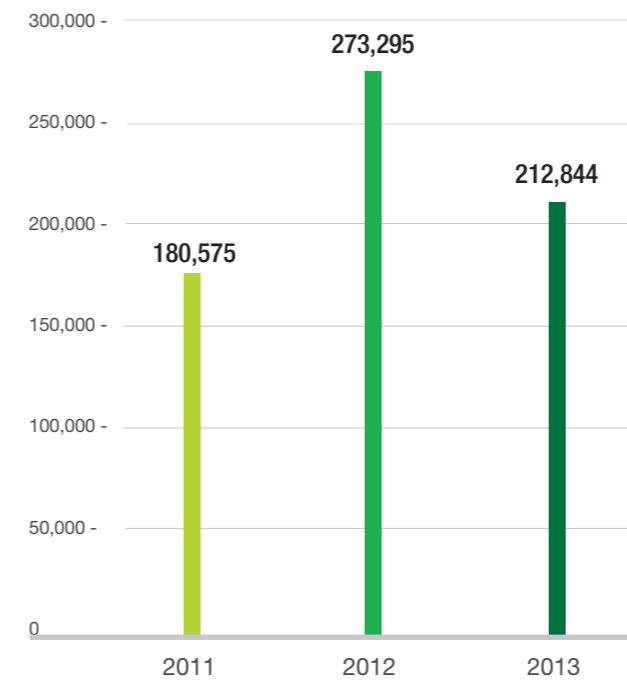
SHARE IN GROSS REVENUE (%)



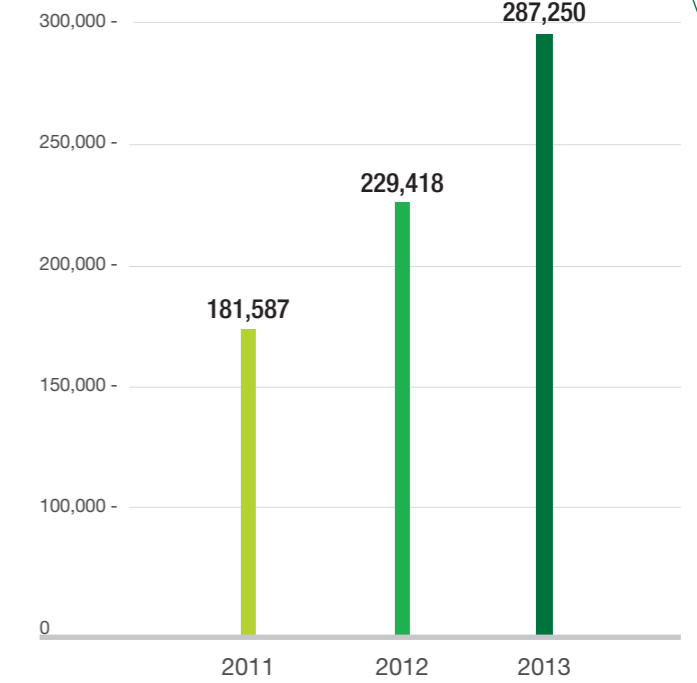
ASSETS AND NET EQUITY (in thousand R\$)



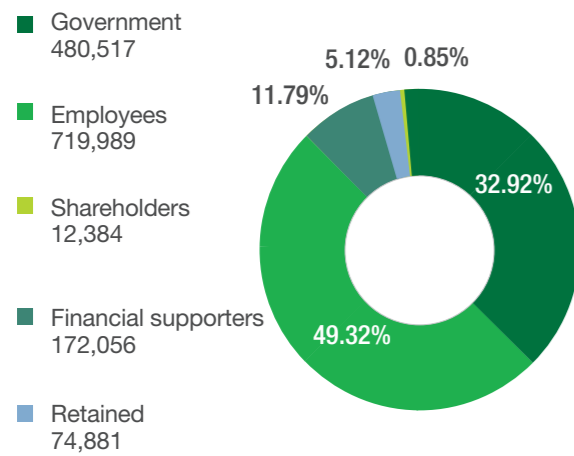
NET PROFIT (in thousand R\$)



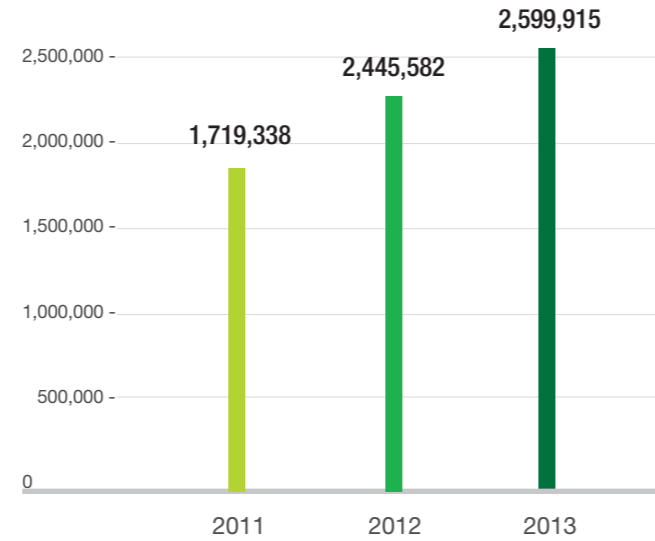
INVESTMENTS (in thousand R\$)



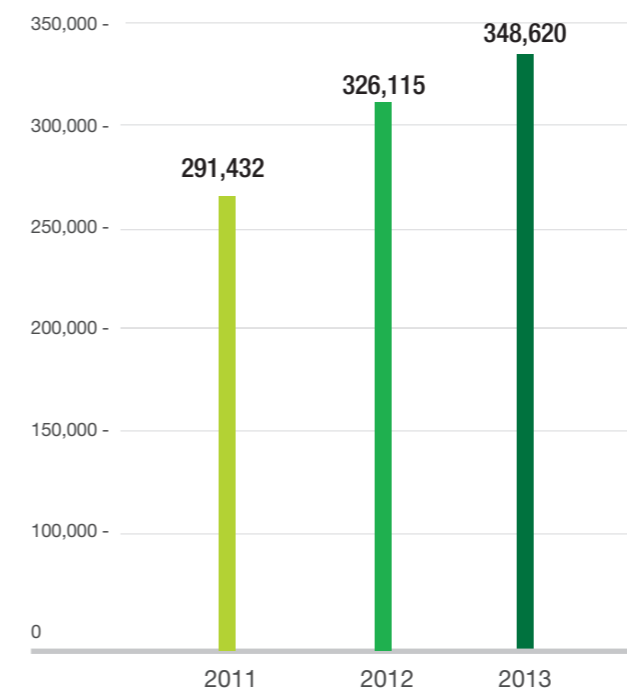
DISTRIBUTION OF THE VAS (%)



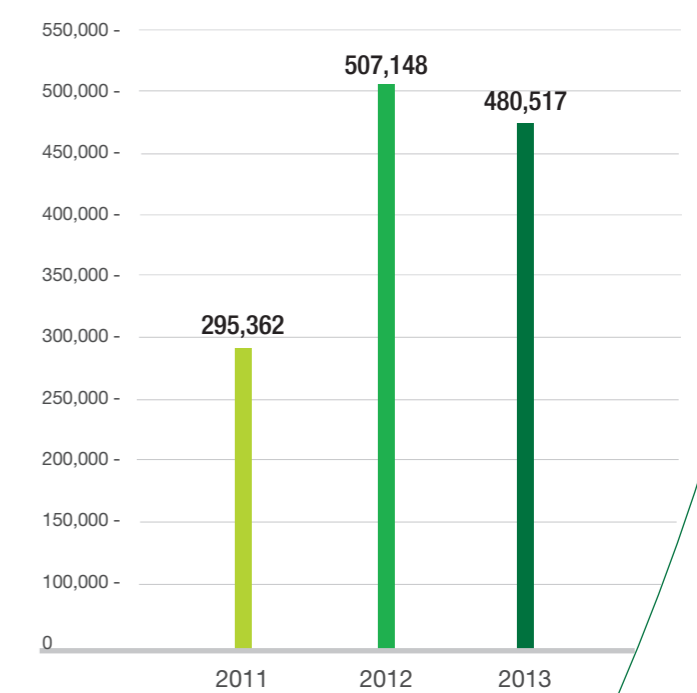
GROSS REVENUE (in thousand R\$)



EBTIDA (in thousand R\$)



TAXES AND CHARGES (in thousand R\$)



>> Contributions to sustainable development

When providing environmental engineering services – in the areas of sanitation, urban and industrial waste and energy valorization –, promoting the involvement of the population in socio-environmental actions developed and performed by voluntary employees, and sharing its knowledge to strengthen public policies, Solví understands that it contributes to social and sustainable development of the places where its companies operate. Every operation has the primary responsibility of permanently searching for ways to mitigate environmental impacts and that can generate and promote human and professional development of its employees.

SOLVÍ SUSTAINABILITY PLATFORM

In 2013, Solví Participações implemented an important tool for a socially responsible way to conduct its business: the Solví Sustainability Platform.

Developed after a broad internal discussion, with the creation of a Sustainability Goal Program for all companies of the Group, this instrument brings the most relevant themes regarding the company's operation convergence with the sustainable development of the society, thus allowing longevity of the Group's businesses.

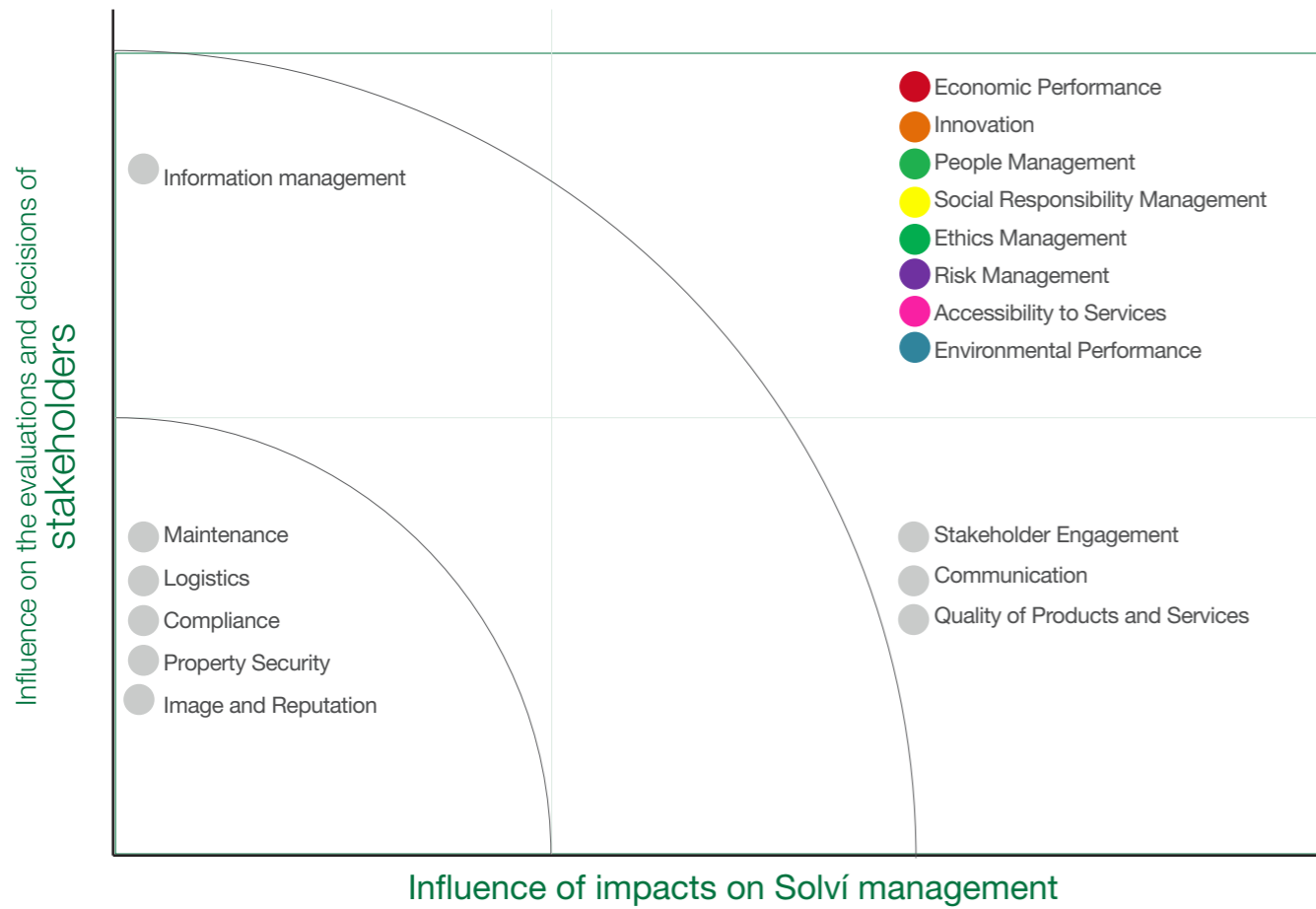
This platform is also aligned with the guidelines of ISO 26000, which has been in implementation phase since 2012 in the organization, and it is an important tool to measure progress in corporate social responsibility. Then, the indicators in this report are grouped according to the platform themes, as follow:



CREATION OF LONG-TERM PARTNERSHIPS

The expectations of stakeholders are evaluated through systematic satisfaction surveys and meetings to evaluate the services provided. The employees are also encouraged to act as active players, collaborating – with their participation in internal committees – to the company's policy and practice formulation. In 2013, the Solví Group also conducted an assessment survey regarding the last annual report published by the organization. The opinions collected were later used with

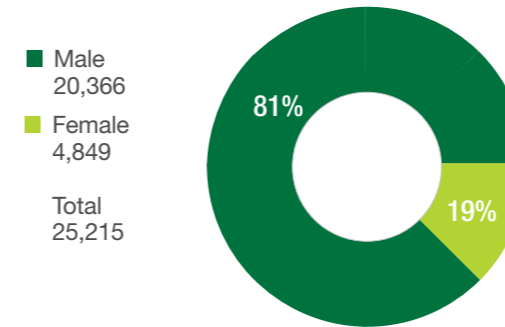
the Platform and the Risk Matrix, both instruments developed with the participation of employees and leaders – in the process of materiality matrix construction, an important tool for the identification of macro themes that should permeate the organization's plans, policies and practices. The materiality matrix also allows to map and match themes of greater impact on the management of the Solví Group's companies with the subjects of greater relevance for the stakeholders, in relation to the Group's operations.



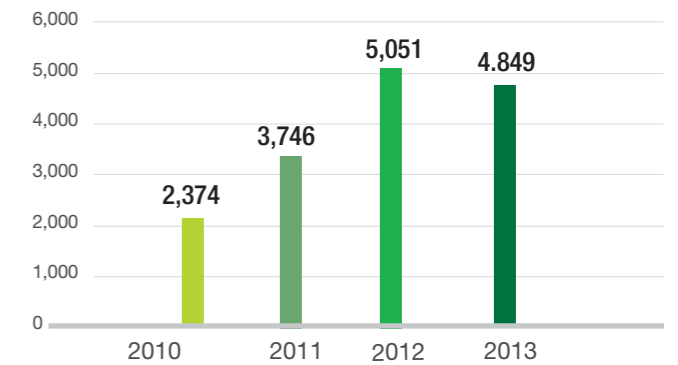
HUMAN RIGHTS IN THE WORKPLACE

The Solví Group understands that the cultural, sexual, religious, educational and age variety of employees expands the organization's scope of ideas, promoting opportunities of innovation. That's why the Group promotes diversity and equality in the workplace of its companies, mapping and acting in situations of vulnerability.

EMPLOYEES BY GENDER



WOMEN AT THE SOLVÍ GROUP

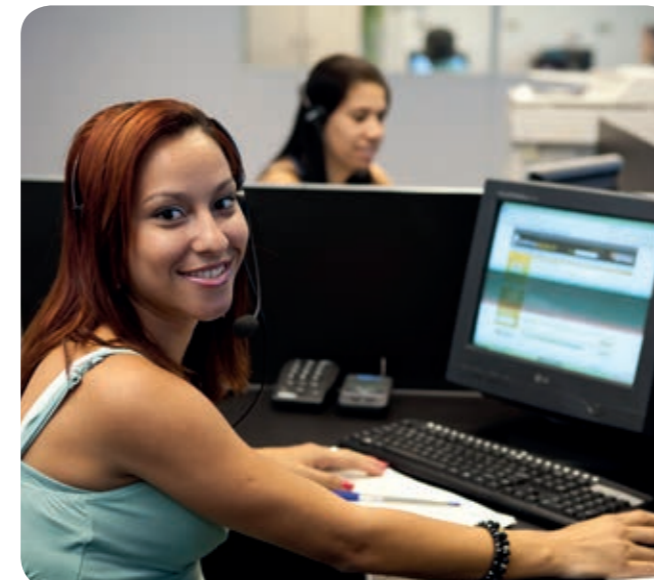


WOMEN IN MANAGEMENT FUNCTIONS

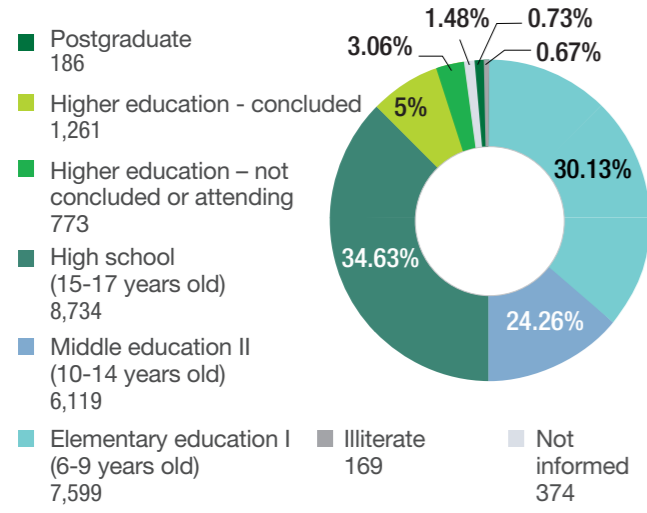
2010	2011	2012	2013
23.02%	22.36%	20.94%	36.28%

ACTIVE WOMEN AFTER MOTHERHOOD

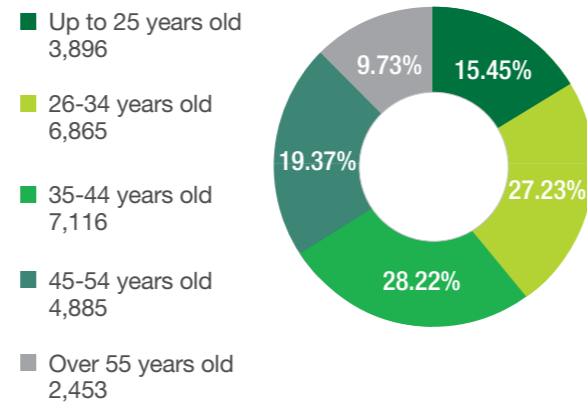
2010	2011	2012	2013
87%	90%	71%	78%



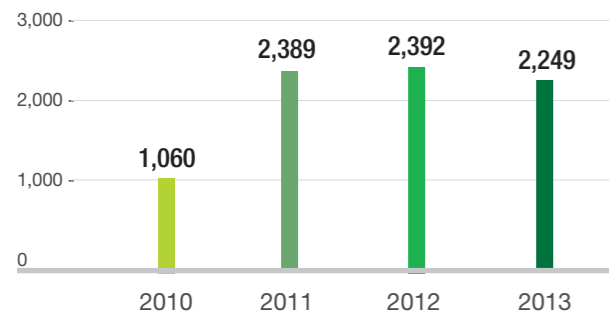
EMPLOYEES BY EDUCATION LEVEL



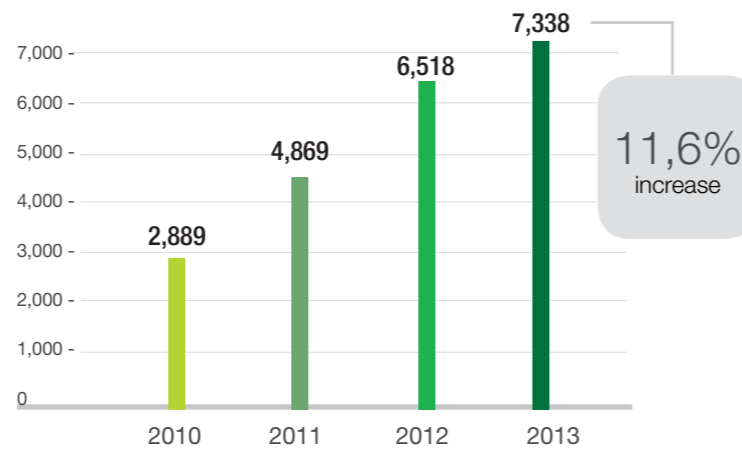
EMPLOYEES BY AGE GROUP



BLACK EMPLOYEES

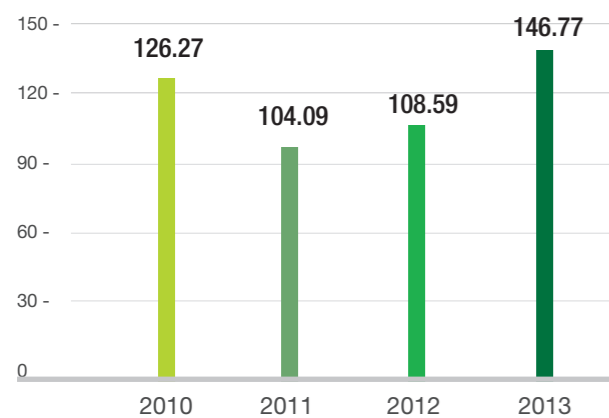


EMPLOYEES OVER 45 YEARS OLD

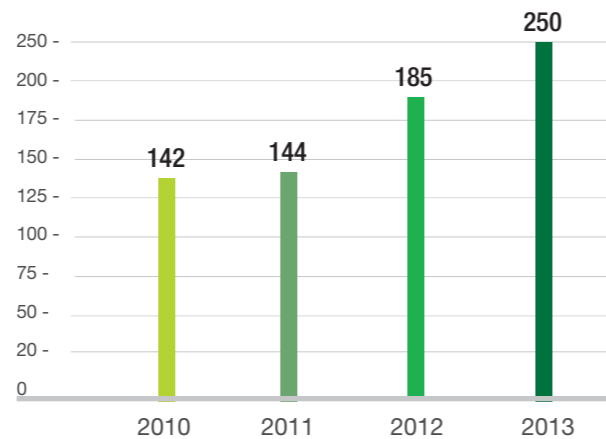


EMPLOYEES BY REMUNERATION

relation between the highest and the lowest



EMPLOYEES WITH SPECIAL NEEDS



BUSINESS ETHICS

Ethics is a guiding principle for the Solvi Group's companies. In 2013, new elements were included in the Code of Conduct, and the Integrity Program was developed, whose objective is to optimize and create synergy between the departments of Communications and Organizational Development and the Conduct Committee.



CODE OF ETHICS

Solvi, just as any other company that seek loyal competition and value transparency, considers corruption an offense to business, and the Group supports the Anti-Corruption Act (12.846) that came into effect in February 2014. On the other hand, it is aware of the risk it is exposed to due to the nature of its operations that involve expressive contracts with public authorities in the areas of sanitation, public and private waste management and engineering. In addition, it has a high number of employees, from all its companies, totaling more than 25,000 professionals that have to be aligned with the organization's principles and values. That brings a constant concern about ethics in the organization, with a revision conducted in 2013 in its Code of Conduct, to incorporate the requirements of the Anti-Corruption Act.

However, this update was not only made in the document, it was extended to other initiatives for the Code dissemination and incorporation by employees, creating a parameter of implementation. For instance, workshops were conducted about the themes addressed in the Solvi Code of Conduct, with the participation of medium- and high-level leadership. All leaders of the organization also received a copy of the new Code, and by signing a term of commitment, they ensured their compliance and dissemination among their staff members.

In total, 250 copies of the Solvi Code of Conduct were distributed. The publication was also the theme of a roundtable discussion, conducted by specialists in the Solvi Annual Meeting.

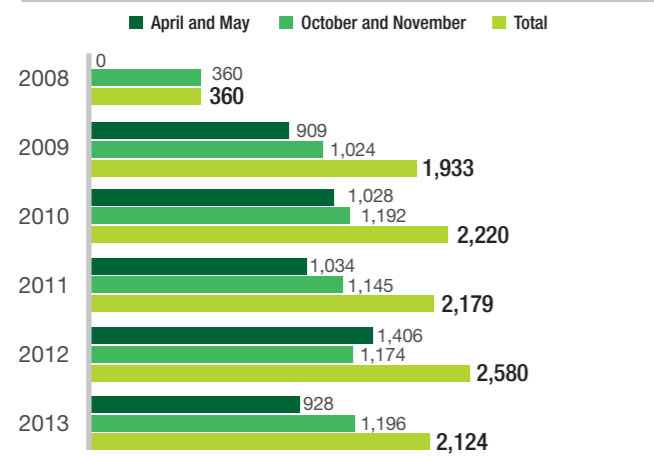


SUSTAINABILITY-ORIENTED CULTURE

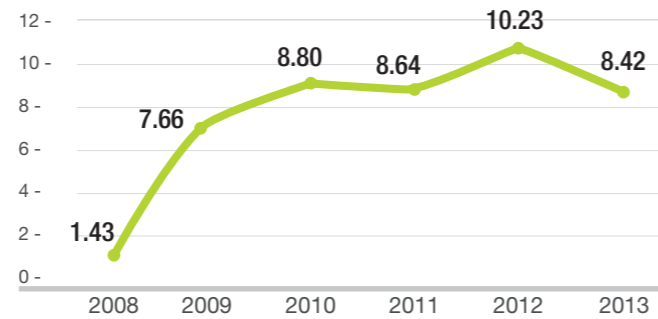
In the adopted structure of decentralized administration, the Solvi Group provides guidelines and required support to help all business units identify priorities in the communities where they operation and find ways to mitigate the problems identified, while encouraging the practice of voluntary actions.



BALANCE – VOLUNTARY DAY 2013

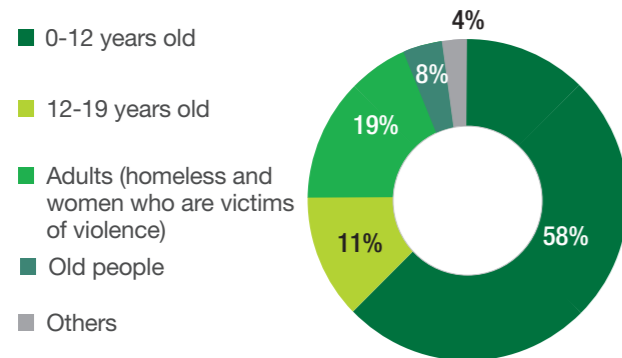


NUMBER OF VOLUNTARY PARTICIPATIONS (%)



satisfaction rate - **99%**
 engagement rate - **98%**
 (would recommend and participate in other actions)

BENEFITTED PEOPLE



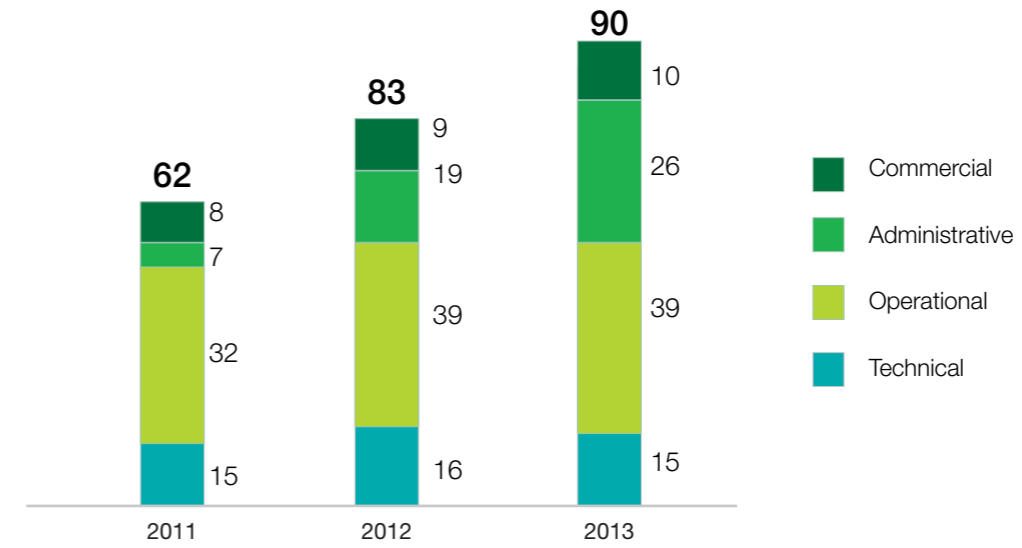
“The revitalization of parks has benefitted everyone – children, young people, adults, old people – providing a more adequate, pleasant and safer place for leisure, sport and learning (environmental education) activities. Congratulations for the organization and all volunteers on the initiative, dedication and enthusiasm while performing the tasks.”

Tathiana Popak, administrator of Parque Vila dos Remédios, in São Paulo – the park received interventions from the Solvi’s employees

INNOVATION, EXCELLENCE AND CUSTOMER RESPONSIVENESS

The Solvi Group’s companies – each in its own area of operation – are always seeking innovations that can renew their portfolio of services and fulfill the demands of their customers and the society.

PROJECTS SUBMITTED TO THE INNOVATION AWARD



WASTE IN THE WEB

Salvador Inert Waste Landfill, managed by Revita Águas Claras – a company that belongs to the Solvi Group – receives on average 2,500 metric tons of civil construction waste every day. This amount corresponds to around 50% of total urban waste generated in the metropolitan region of the capital of Bahia.

To speed up the material receipt process, the company has developed the Prepaid System for Inert Waste Disposal Credit Acquisition. Thanks to this tool, it is possible to use the website of Revita Águas Claras (www.revitaac.com.br) to buy in advance credits related to the waste amount that will be taken to the landfill, and register the vehicles that will take the waste to the landfill.

Besides ensuring fast service and convenience to customers, this new system has reduced billing costs, eliminated the risk of default and allowed to improve the administrative routine activity, generating increased productivity. For these and other reasons, this initiative received the Solvi Innovation Award, which aims to encourage professionals from the Group’s companies to find different and innovative ways to perform daily tasks.

Itaquareia Inert Waste Landfill, managed by the Solvi

Group, is located in the city of Itaquaquecetuba, in Greater São Paulo. It receives waste from civil construction (Class II-B), dredging and silt removal activity, as well as organic waste (Class A), with the capacity to receive up to 2,000 trips/day.

The unit – just like the others of the Solvi Group – values the respect for the environment and health and safety of everyone involved in the processes developed there, ensuring truck unloading in a short time, regardless of the month of the year and weather condition, and seeking partnerships that promote the inclusion of population in situation of social vulnerability.

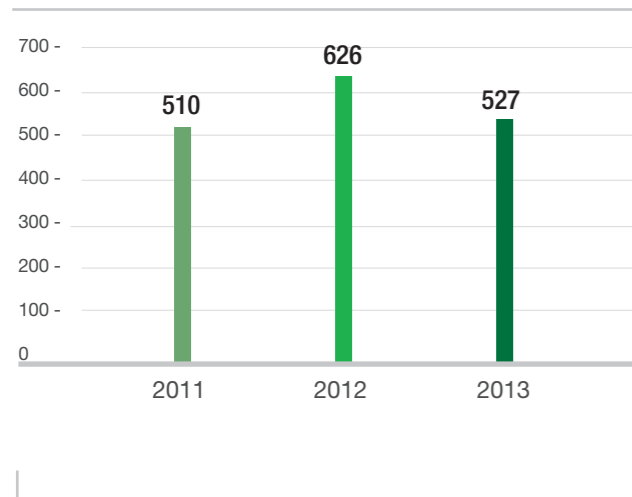
The partnership with Instituto Terra Meio Ambiente e Inclusão Social (IT+) is a reference. According to the agreement, recyclable waste is offered to this NGO, which uses to generate revenue, applying the resources in actions of social investment.



HEALTH AND SAFETY

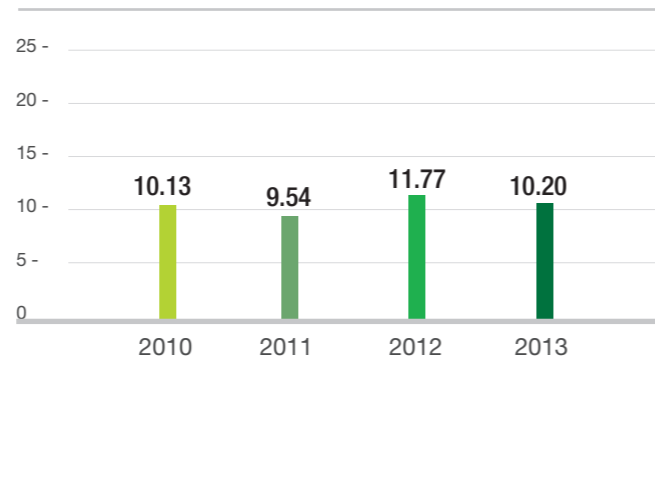
One concern of the Solví Group refers to the safety of its employees while they perform their functions. Their diversified operation profile requires specific measures for each segment, considering that the Group has a considerable number of operational employees working outside the companies' facilities, generating additional risk. For this reason, training actions and initiatives to promote health and safety are strategic measures.

SEVERITY RATE (number of accidents with medical leave every 1 million hours worked)



In 2013, the Severity Rate presented 16% reduction.

FREQUENCY RATE (number of accidents with medical leave every 1 million hours worked)



It is important to emphasize that the safety training is considered a priority by the organization and it has been increasingly improved. Many companies of the Group are already conducting their Workplace Health and Safety Management System according to OHSAS 18001. This certification, which is compatible with ISO 9001 and ISO 14001, helps a business unit comply with its health and safety obligations in an efficient and integrated manner.

Actions of mobilization and support to employee health promotion are routinely conducted by the companies of the Solví Group, including immunization campaigns, awareness taskforces about various diseases, and insertion of related themes in the Daily Safety Dialogs. In addition, in 2013, 17,541 employees received health and safety training, with the participation of members from CIPA (Internal Commission of Accident Prevention). In total, 1,982 professionals from the Solví Group's companies are CIPA members, which corresponds to 7.8% of all employees, representing their work colleagues and closely following the initiatives in the safety area and their results.

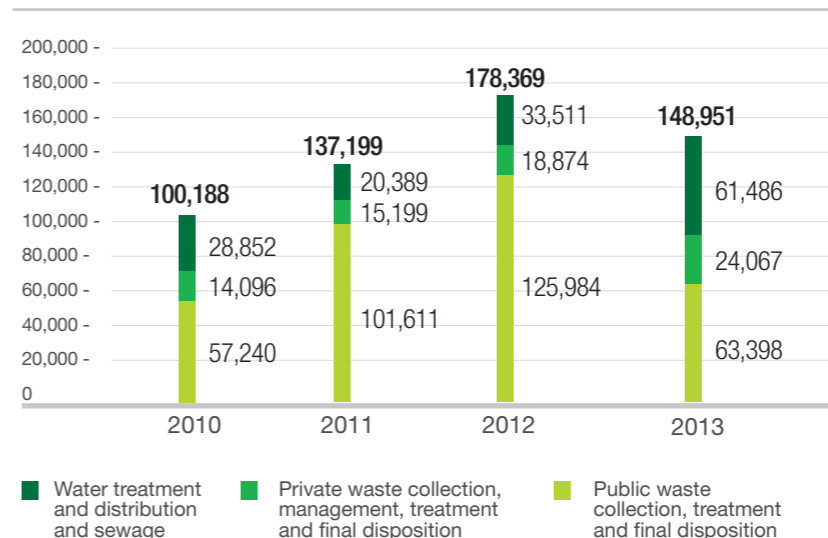


ENVIRONMENTAL PRESERVATION

The Solví Group keeps a systemic vision regarding its own operations, identifying potential impacts that can be generated by its production activities, and it develops and conducts prevention and mitigation actions.

>> Increase in investments in environmental protection

INVESTMENTS IN ENVIRONMENTAL PROTECTION (thousand R\$)



I PROTECT THE NATURE

Estimates say that every liter of vegetal oil – the same oil used in food preparation – that is in the sewage system can pollute up to 20,000 liters of water. Aware of this situation, in 2013, São Gabriel Saneamento, in a partnership with the Federal University of Pampa (Unipampa), launched the “I Protect the Nature” project.

The purpose of this initiative is to encourage the population of São Gabriel (RS) to properly eliminate used cooking oil. Special reservoirs were installed at eight collection places in the city, prepared to receive this material. The collected oil is sent to a company that will recycle it and later use it to manufacture many items, such as cosmetics, cleaning products and animal ration.

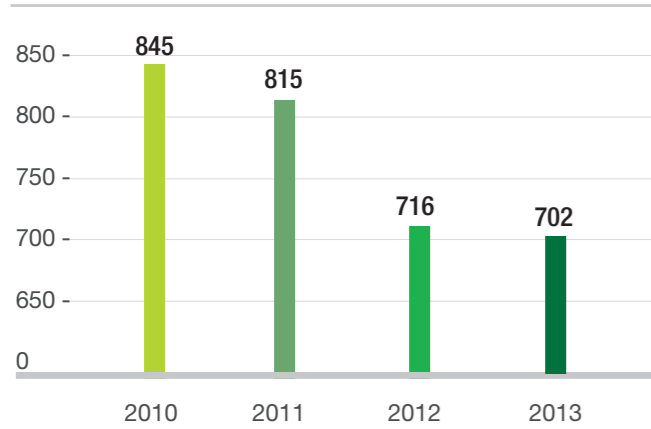
Every liter of oil produces resources (R\$ 0.30 per liter) for the Parent-Teacher Associations from schools that participate in the project, allowing the implementation of collection reservoirs at these units. The resources are used in the acquisition of school supplies, such as books, electronic devices, toys, sporting goods, among others.

And, to encourage the participation of everyone, lectures are conducted at schools, addressing themes like water treatment process and environmental awareness, with the distribution of supporting material. The idea is to gradually expand this project, implementing collection reservoirs at community associations, churches, coffee shops and restaurants of the city.



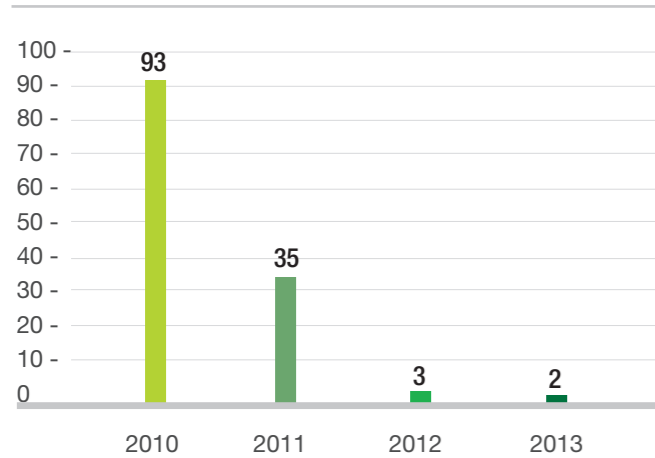
>> Increased efficiency in the use of natural resources

ENERGY CONSUMPTION PER VOLUME OF DISTRIBUTED WATER (MWh/Mm³)

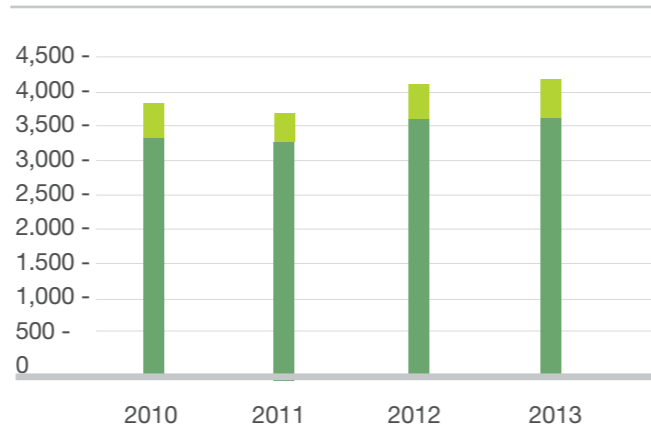


The Solvi Group's sanitation companies have reduced, year after year, the energy consumption in water distribution.

ENERGY CONSUMPTION PER VOLUME OF COLLECTED AND TREATED SEWAGE (MWh/Mm³)



NETWORK EXTENSION (km)



■ Water distribution ■ Sewage collection and treatment

61 pumping stations for water production and distribution.

163,341 water quality control analyses.

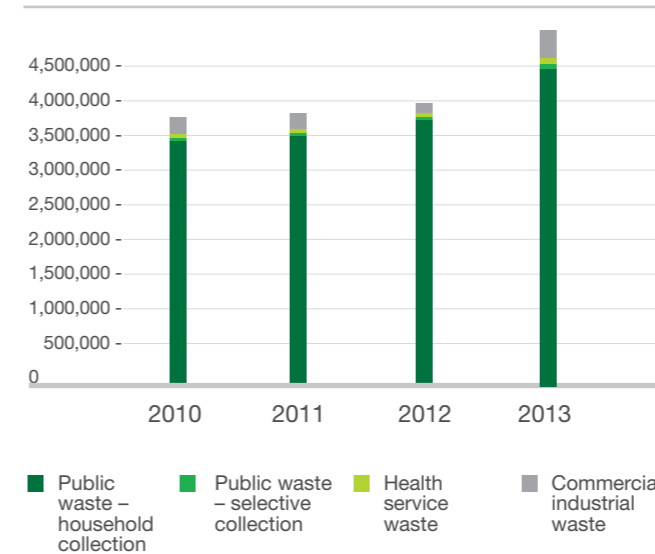
>> Increase in the amount of waste collected – several types of waste

WASTE COLLECTED (t) | 2013

Total household solid waste collected: household collection (t)	4,464,482
Total household solid waste collected: selective collection (t)	30,099
Total health service waste collected (t)	25,586
Total health service waste collected (t)	371,204
Total in general	4,891,372

The increase in the selective waste collection in 2013 is mainly due to the expansion of the service in the metropolitan region of Salvador. The start of Solvi's operations in Rosario (Argentina) had a direct impact on the increase in household collection.

WASTE COLLECTED (t)



MORE DETAILS ABOUT

Waste

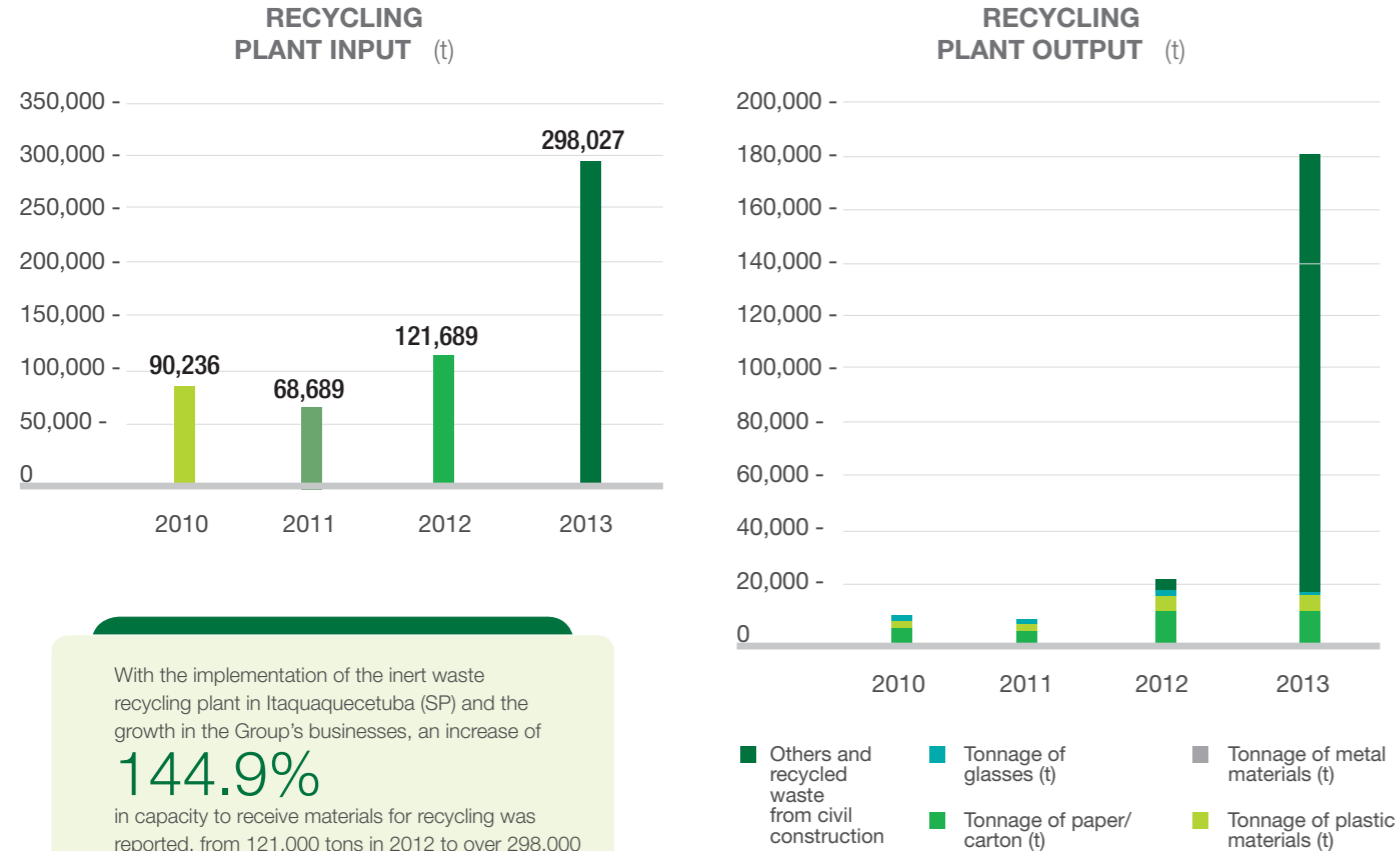
The waste dangerousness is classified according to the physical, chemical or infectious/contagious properties of the waste, which may present risks to public health and the environment when the waste is improperly handled or eliminated.

NBR 10.004, a standard of September 1987, classifies industrial solid waste in two categories:

Class I (dangerous) and Class II (non-dangerous), and they may be non-inert (Class II – A) or inert (Class II – B). The physical and chemical composition and characteristics of inert waste do not present physical, chemical or biological changes, the waste remains unaltered for a long period. Examples of inert waste: civil construction debris, iron scrap and steel.



>> Increase in the treatment of waste before final disposition



With the implementation of the inert waste recycling plant in Itaquaquecetuba (SP) and the growth in the Group's businesses, an increase of

144.9%

in capacity to receive materials for recycling was reported, from 121,000 tons in 2012 to over 298,000 tons in 2013.

BEHIND THE NUMBERS

Solidary Recycling

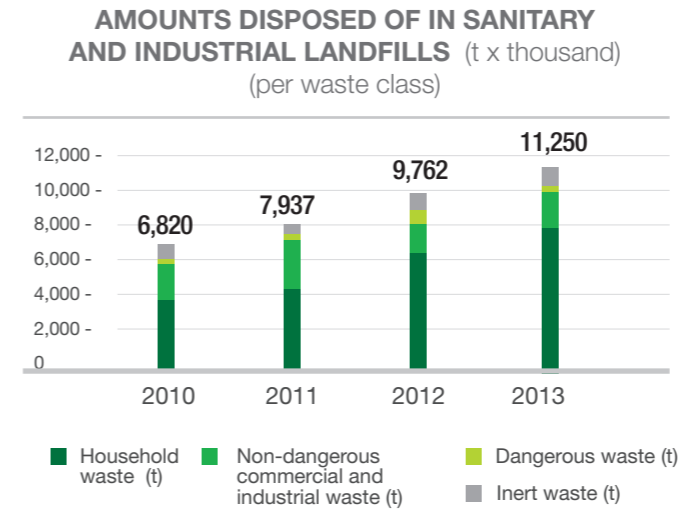
In 2014, the "Moda Cidadã e Cultural" Project will start a new phase. Last year, thanks to the initiative, 15 women from the Community of Capelão, located in Salvador, a city that has the services of Battre (Bahia Transferência e Tratamento de Resíduos) – a company of the Solvi's Group – participated in the Industrial Sewing course, receiving a certificate issued by SESI.

Now, a new group from the same community will attend the Professional Qualification Course for Industrial Modeling, as well as thematic workshops.

The idea is to prepare them for the production of accessories and clothes using Battre uniforms that would be otherwise disposed of. The course will also address management and entrepreneurship skills. The final objective is to create a cooperative to generate resources and mobilize the community, ensuring project sustainability.

Besides Battre, the Community Forum of Human Rights and Citizenship, SESI and Termoverde are supporting the initiative.

>> Increase in the amount of waste disposed of in sanitary and industrial landfills



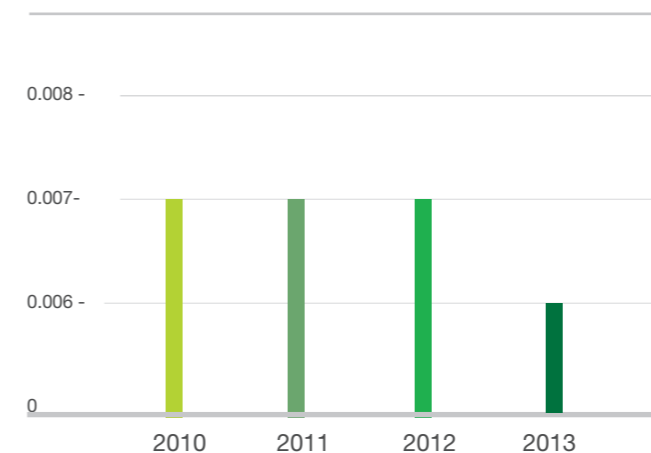
A global increase of **15.24%** was reported in relation to 2012, regarding the amount of waste disposed of in landfills prepared with environmental impact mitigation techniques. Around 8 million metric tons of household public waste were disposed of in properly licensed sanitary landfill, corresponding to an increase of **20.87%** in relation to 2012.

This amount represents around **19%** of total waste correctly disposed of in sanitary landfills in Brazil (source: Diagnóstico Resíduos Sólidos Urbanos – Ipea/MMA 2011).

>> Control of greenhouse gas emission from vehicles and equipment

The numbers below show emissions from vehicles and equipment used in the activities of waste collection and landfilling at Solvi's units, between 2010 and 2013. Note: the emissions increase, as they are directly related to the increased amount of waste collected and transported to landfills. On the other hand, when correlating the amount of emission and the amount of waste collected and landfilled, a substantial reduction is observed, a result of the actions adopted by the Group's companies to increase operation efficiency.

ENERGY EFFICIENCY IN WASTE COLLECTION AND LANDFILLING ACTIONS (per metric ton collected and landfilled – t CO₂ e q/t)



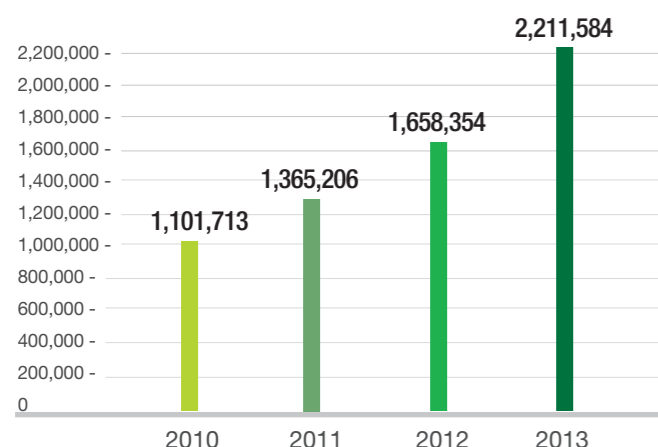
EMISSION PRODUCED BY VEHICLES AND EQUIPMENT USED IN WASTE COLLECTION AND LANDFILLING ACTIONS

	2010	2011	2012	2013
GHG emission from vehicles and equipment (t CO ₂ e q/t)	69,754	80,201	93,520	93,000
Collected waste (t) – all types	3,896,426	4,003,332	4,428,586	4,891,372
Landfilled waste (t) – all types	6,820,846	7,937,073	9,762,107	11,250,384

>> Control of greenhouse gas emission in Solví's waste treatment and valorization plants

The continuous increase in household waste landfilled along the years has required constant efforts of the Solví Group to ensure the energy efficiency of its operations, resulting in a substantial reduction of greenhouse gases per collected and landfilled ton, as illustrated below.

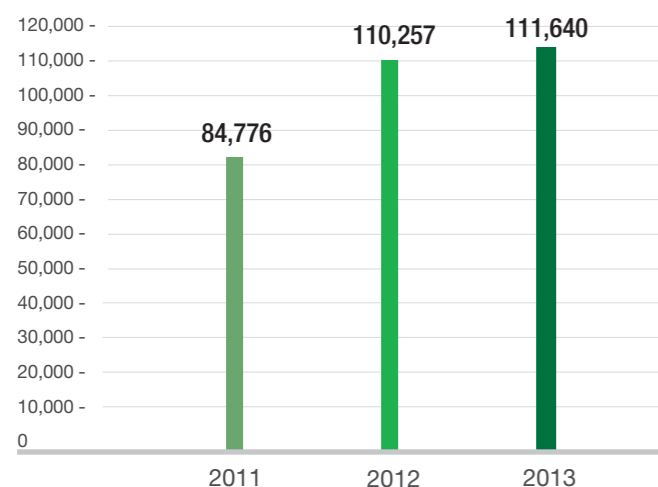
METHANE EMISSION AVOIDED AT CTVRS OF THE SOLVÍ GROUP (t CO₂e q/t)



>> Consolidation of the technological model of energy valorization of waste

The Solví Group is the leader in Brazil in energy generation from solid waste, operating Termoverde, a 20 MW plant, in the sanitary landfill of Battre, in Salvador. This business model has grown in such way that the organization plans to implement two other plants: the first in Minas do Leão (RS), of 8 MW capacity, to start operating in 2015, and one in Caieiras (SP), of 30 MW capacity, to start operating in 2016.

ELECTRIC ENERGY GENERATION (MWh)



We have unique expertise in Brazil for biogas use and treatment, and for the plant operation and maintenance."

**Vicente Linhares,
Chairman, Solví Energy
Valorization**

DEVELOPMENT AND VALUATION OF EMPLOYEES, SUPPLIERS AND COMMUNITIES

>> Employees

People are the competitive differentiation of the organization. Responsible for designing and conducting initiatives of human and professional development, the Solví Group's Excellence Academy develops programs for people training, encouraging the search for qualification and skill improvement, leading to stronger corporate culture that attracts new talents.

Competence	2011	2012	2013
Cultural alignment		6,721	8,333
Multi-competences - interns	115	156	191
Multi-competences - trainees	12	28	21
Technical skills	568	960	3,015
Managerial skills	41	259	322
Business skills	20	196	49
Behavior performance	5	17	21
Project management and follow-up	N/A	13	50
Human development – several knowledge areas	N/A	40	3,346
Development of successors	2	48	79
Employees with support for professional improvement (scholarship)	N/A	N/A	41
Employees with support for professional improvement (language courses)	N/A	N/A	14



>> Suppliers

For operating in different business segments in Brazil and other Latin American countries, the Group has a very diversified number of suppliers that provide goods and services. Small amounts are purchased directly by the companies and, for large amounts, the Group has a centralized area of Supplies, managed by the Center for Shared Services (CSS), which is responsible for coordinating large purchases, to optimize the cost-benefit ratio of these operations.

Regardless of the area in charge of supplier selection in the Solví Group, this process is based on technical, professional and ethical criteria and its procedures seek to select the best business partners. The company has a system of confirmation, qualification and support to the development of its suppliers, conducting random audits.

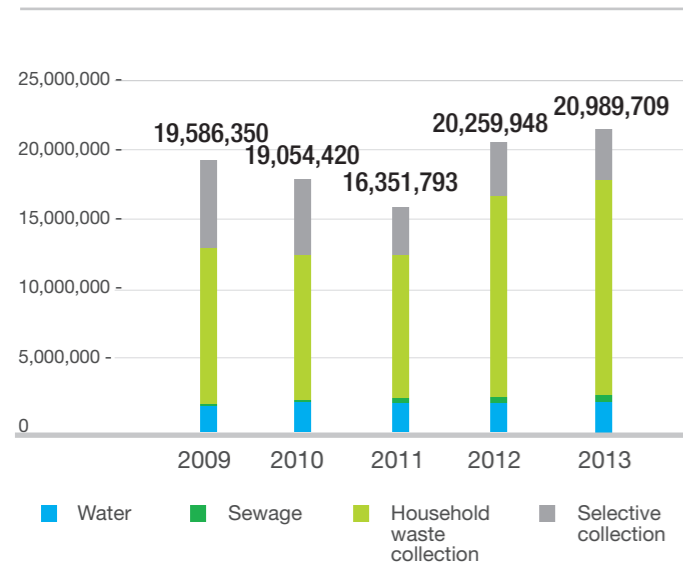


>> Community

Since 2010, the United Nations (UN) has recognized the access to drinking water and basic sanitation as a universal human right, an essential factor to reduce poverty and for sustainable development. In addition, water and sanitation are indispensable items to ensure other human rights, such as right to life, health, education and work.

That shows how the services provided by the Solvi

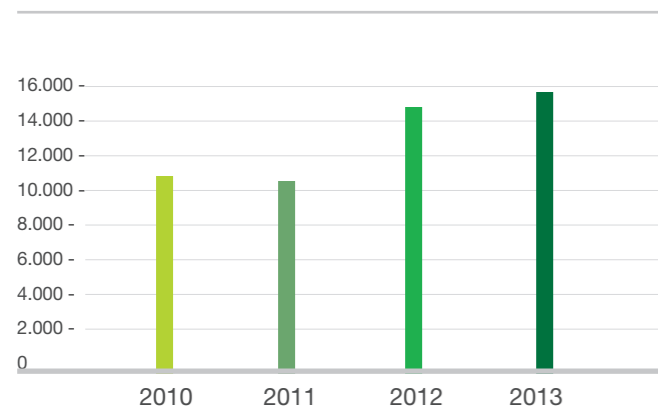
POPULATION BENEFITTED BY ESSENTIAL SERVICES FOR LIFE



Group's companies can have a direct impact on the quality of life of population, which turns the society into the organization's end customer.

In this sense, Solvi increasingly seeks to strengthen and improve the relationship with communities of the places where it operates, either through efficiency and expansion of services or actions of private social investment.

NUMBER OF PEOPLE WITH HOUSEHOLD COLLECTION SERVICE (excluding selective collection)



An increase of **10.45%**,

was reported in collected waste in 2013, due to the expansion of the service provided in Salvador (BA) and the start of household collection in Argentina.

The increase of **10.3%**

reported in selective collection represents an important progress. However, it is still necessary to leverage this service to have an effective sustainable management of waste generated in the country.

Last year, almost

16 million

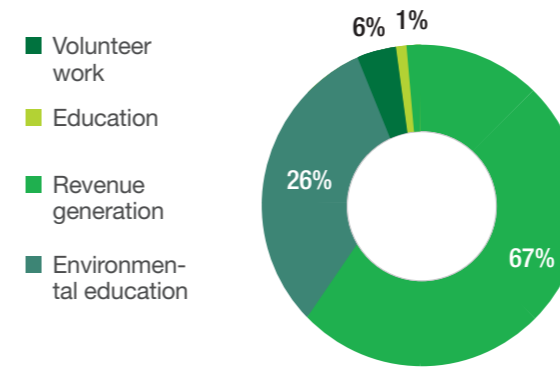
people received services of household waste collection offered by several companies of the Solvi Group, which represents

10%

of total Brazilian urban population with access to this service*.

* Source: Pesquisa Nacional de Saneamento Básico, PNSB, 2008

PRIVATE SOCIAL INVESTMENT



Communities served/
locations benefitted - 105
Projects / actions performed - 395
Benefitted people - 168,358
Volunteers - 2,326
Social investment - R\$ 4,220,118.03

BEHIND THE NUMBERS

Human Rights and Environment

Alfenas Ambiental – a company that belongs to the Solvi Group and operates in Minas Gerais – is supporting the Inmate Reintegration Project developed by Associação de Proteção e Assistência aos Condenados (APAC) in Alfenas. The objective of this initiative is to provide education and professional skills to inmates, through technical workshops that teach a new profession or a professional qualification, preparing them to social reintegration and encouraging them to rescue their dignity and self-esteem.

The activity supported by Alfenas Ambiental is the course to produce ecological brooms from PET bottles. After learning the technique, it is possible to produce and sell these items, generating resources for personal and family expenses. In addition, at the end of the project, the participants may be invited to act as voluntary instructors, transferring the knowledge acquired to other inmates.

The project is for convicted people in closed, semi-open and open regimes, and it is aligned with the urban cleaning, waste collection and treatment services developed by Alfenas Ambiental in the city.



THE SOLVÍ SCENARIO

One of the focus of the Solví Group in 2014 will be project self-financing. The idea is to generate its own financial volume and cash flow, to expand investments and amortize short- and long-term debts. The search for management excellence will remain across all companies of the Group. In this scenario, an axis that should be encouraged is innovation. Solví believes that sustainable results are achieved through innovation, based on new ways to do and think, that help win obstacles and increase productivity and efficiency. In this context, business managers will have a key role to reach results, administering contracts, interacting with teams, listening to demands, managing suppliers, and assuring delivery quality. Communication skills will also be required to negotiate and engage all stakeholders in co-creation processes that lead to the Group's growth – estimated to be 10% for 2014 – and strengthen their ability to work for the good, delivering solutions for life.



The year of 2014 shows a positive panorama. In a year of election, we will have a good scenario for project expansion. Understanding the policy and its meanders and aligning with the organization's business strategies will be our challenge. This year will be similar to 2013, with low GDP and high interest rates, which may affect the routine of companies. The Group will keep defending and investing in public-private partnerships as a good solution to leverage the economy. The company have to take initiatives and propose projects to public managers within this scope."

Emerson Kapaz,
Council member

2014 PANORAMA

At a global level, the expectation for 2014 is of global economy growth, which, according to estimates of the International Monetary Fund (IMF), may reach 3.7%. This result will be driven by the end of recession in the United States and greater stability in the Eurozone. On the other hand, the Chinese economy may keep slowing down, but steadily.

Then, a more optimistic global economic scenario is expected, in relation to the last four years.

But such stability makes capital flow more selective, which may generate transfer of resources from emerging countries, such as Brazil, to more attractive markets. However, that will not necessarily cause a negative scenario for the country, which is in a year of election.

The growth in consumer market and population revenue are expected to drive governmental investments in sanitation and waste treatment, a tendency that may occur in infrastructure projects, which are required to effectively leverage the development of the country. Many of these initiatives may be implemented through public-private partnerships.



Another interesting initiative for 2014 is the support provided by the Solví Group to the Schurmann Family in their new adventure, the Orient Expedition. According to the theory of English author Gavin Menzies, the Chinese people would have arrived in the American continent 71 years before Christopher Columbus, in 1421, and were the first to navigate the world. The Schurmann intend to reproduce exactly the same route in a sailboat that will leave in the second half of 2014.

One of the differentiations of this trip – their third expedition around the world – is that it will use a boat especially designed and built for this expedition, which will have sustainable technologies. The objective is to generate the smallest possible impact to the environment during the trip, by using, for instance, low-energy light bulbs (LED), modern systems of water desalinization and energy generation, storage and saving.

Solví is collaborating with this process, seeking innovative solutions of waste valorization that fit the small space of the boat. The idea is to show that, in a small place, just like the Schurmann's boat, or in larger places, such as the reality of big cities and industries where

the Group operates, it is always possible to mitigate environmental impacts.

One of the technologies used by Solví will be a mini-compact that will allow them to collect and store recyclable waste and properly eliminate them at scheduled stops inland. In addition, an electric composting machine will be installed, which will allow to change organic waste into fertilizer to be used at two sites in the boat. All wastewater will also be treated before they are thrown in the sea. And alternative energy sources will be used to power the engine, which will be required for port maneuvers. With this objective, Solví developed four different systems of energy generation: a wind power system, solar panels, two hydrogenerators and two exercise bikes with turbine.

In addition, the engine lining and the heat insulation of the boat lining were made of recycled material, from modern systems of waste recycling, also developed by Solví.

During the expedition, the family will check the water condition and the communities in terms of sustainability.



Equipment

- Paramotor to capture aerial images in remote areas.
- ROV to capture images and data in deep waters.
- High-speed internet, IP streaming and telephony 24 hours a day

Size

Length: 80 feet;
width: 6.65 m.

Weight

Dagger board: 18.5 tons.
Around 67 tons in total



GRI INDEX AND GLOBAL COMPACT INDEX, ISO 26000 60

GRI	GRI PROFILE INFORMATION	PAGE ANSWER	GLOBAL COMPACT	ISO 26000
1. Strategy and Analysis				
1.1	CEO Statement	8, 9	7, 8, 9	6,2
1.2	Description of key impacts, risks and opportunities	28, 29, 30, 31	-1	6,2
2. Organizational Profile				
2.1	Name of the organization	12	-	-
2.2	Primary brands, products and/or services	15	-	-
2.3	Operational structure of the organization	12, 13	-	6,2
2.4	Location of organization's headquarters	102	-	-
2.5	Countries and regions where the organization operates	18, 19	-	-
2.6	Nature of ownership and legal form	Private Company	-	-
2.7	Markets served	18, 19	-	-
2.8	Scale of the reporting organization	15, 34, 74, 75	-	-
2.9	Significant changes during the reporting period	17	-	-
2.10	Awards received in the reporting period	30	-	-
3. REPORT PARAMETERS				
3.1	Reporting period for information provided	7	-	-
3.2	Date of most recent previous report	2013	-	-
3.3	Reporting cycle	6	-	-
3.4	Contact point for questions regarding the report or its contents	102	-	-
3.5	Process for defining report content	78	-	-
3.6	Boundary of the report	78	-	-
3.7	State any specific limitations on the scope or boundary of the report	None	-	-
3.8	Basis for reporting	18, 19	-	-
3.9	Data measurement techniques and the bases of calculations	None	-	-
3.10	Explanation of the effect of any restatements of information provided in earlier reports	None	-	-
3.11	Significant changes from previous reporting periods	None	-	-
3.12	Table identifying the location of the Standard Disclosures in the report	98	-	-
3.13	Policy and current practice with regard to seeking external assurance for the report.	There was no external verification, except for the economic performance data	-	-

GRI	GRI PROFILE INFORMATION	PAGE ANSWER	GLOBAL COMPACT	ISO 26000
4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT				
Governance				
4.1	Governance structure of the organization	22, 23	-	6,2
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	22	-	6,2
4.3	Number of members of the highest governance body that are independent and/or nonexecutive members	22	-	6,2
4.4	Mechanisms for shareholders and employees to provide recommendations	23	-	6,2
4.6	Processes in place to ensure conflicts of interest are avoided.	22, 23 and 24	10	-
4.8	Statements of mission and values, codes of conduct and relevant internal principles.	14	-	-
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks.	25	-	-
Commitments to External Initiatives				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	22	Principle 7	-
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	38	-	-
4.13	Memberships in associations and/or national/international organizations	38	-	-
Approach to stakeholder engagement				
4.14	List of stakeholder groups	78	-	6,2
4.15	Basis for identification and selection of stakeholders with whom to engage.	78	-	6,2
4.16	Approaches to stakeholder engagement	78	-	6,2



GRI	GRI PROFILE INFORMATION	PAGE ANSWER	GLOBAL COMPACT	ISO 26000
ECONOMIC INDICATORS				
Economic Performance				
EC1	Direct economic value generated and distributed	74, 75	-	6.8 – 6.8.3 6.8.7 – 6.8.9
Market Presence				
EC7	Local hiring	35	Principle 6	6.8 – 6.8.5 6.8.7
Indirect Economic Impacts				
EC8	Infrastructure investments and services provided primarily for public benefit	85, 86, 87, 88, 89, 90, 92	-	6.3.9 – 6.8 6.8.3 – 6.8.4 6.8.5 – 6.8.6 6.8.7 – 6.8.9

ENVIRONMENTAL PERFORMANCE INDICATORS				
Energy				
EN3	Direct energy consumption	86	Principle 8	6.5 – 6.5.4
EN5	Energy saved due to conservation and efficiency improvements.	86	Principle 8,9	6.5 – 6.5.4
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	87, 89	Principle 8,9	6.5 – 6.5.4
Emissions, Effluents and Waste				
EN16	Total direct and indirect greenhouse gas emissions	89	Principle 8	6.5 – 6.5.5
EN17	Other relevant indirect greenhouse gas emissions.		Principle 8	6.5 – 6.5.5
EN18	Initiatives to reduce greenhouse gas emissions.		Principle 7,8,9	6.5 – 6.5.5
EN19	Emissions of ozone-depleting substances		Principle 8	6.5 – 6.5.3
EN22	Total weight of waste		Principle 8	6.5 – 6.5.3
EN24	Weight of transported waste deemed hazardous.		Principle 8	6.5 – 6.5.3
Products and Services				
EN26	Initiatives to mitigate environmental impacts.	85, 89	Principle 7,8,9	6.5 – 6.5.4 6.6.6
Overall				
EN30	Total environmental protection expenditures and investments.	85	Principle 7,8	6.5

GRI	GRI PROFILE INFORMATION	PAGE ANSWER	GLOBAL COMPACT	ISO 26000
SOCIAL PERFORMANCE INDICATORS				
Social – Labor Performance				
Employment				
LA1	Total workforce by employment type, employment contract and region	34, 35	-	6.4 – 6.4.3
Occupational Health and Safety				
LA6	Percentage of total workforce represented in formal joint management.	84	1	6.4 – 6.4.6
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities.	84	1	6.4 – 6.4.6
LA8	Education, prevention and risk-control programs.	84	1	6.4 – 6.4.6 6.8 – 6.8.3 6.8.4 – 6.8.8
Training and Education				
LA11	Programs for skills management and lifelong learning	91	-	6.4 – 6.4.7 6.8.5
Diversity and Equal Opportunity				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	80	Principle 1,6	6.3.7 – 6.3.10 6.4 – 6.4.3
LA14	Ratio of basic salary of men to women by employee category	80	Principle 1,6	6.3.7 – 6.3.10 6.4 – 6.4.3 6.4.4

HUMAN RIGHTS				
HR4	Total number of incidents of discrimination and actions taken	81	Principle 1,6	6.4

SOCIETY PERFORMANCE INDICATORS				
Community				
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	29	-	6.3.9 – 6.8 6.8.5 – 6.8.7
Corruption				
SO3	Anti-corruption training	81	-	6,6
Public Policies				
SO5	Public policy positions and participation in public policy development and lobbying	81	-	6.6 – 6.6.4 6,8,3



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